

Universal Registration Document 2020

including the Annual Financial Report
and the Integrated Report

faurecia
inspiring mobility

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Universal Registration Document 2020

Including the Annual Financial Report
and the Integrated Report

AMF

This Universal Registration Document has been filed on March 11, 2021 with the AMF as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129. The English language version of this Universal Registration Document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein the original language version of the document in French takes precedence over this translation.



Integrated Report Overview

This integrated report enables all stakeholders to better understand the company's vision and strategy for profitable growth. Faurecia's business model is focused on creating value for all its stakeholders, both in terms of financial and non-financial performance, over the short and long term.

This document is the introductory chapter of Faurecia's 2020 Universal Registration Document.

For further information please consult the Group's website www.faurecia.com



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→ **A world leading automotive technology company**

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

€14,654M

SALES IN 2020

114,000

EMPLOYEES OF 103 NATIONALITIES

35

COUNTRIES



266

INDUSTRIAL SITES



39

R&D CENTERS



4

Business Groups

26%
of Group sales

Clean Mobility

Innovative solutions to drive mobility & industry toward zero emissions

- Ultra-low emissions solutions
- Commercial vehicles and Industry
- Zero-emission hydrogen solutions

38%
of Group sales

Seating

Technologies for a safe, smart & comfortable onboard experience

- Seat structure systems
- Complete seats
- Covers and foam solutions

31%
of Group sales

Interiors

Full interior systems with premium quality integration

- Instrument panels
- Door panels
- Center consoles
- Sustainable & smart materials
- Interior modules

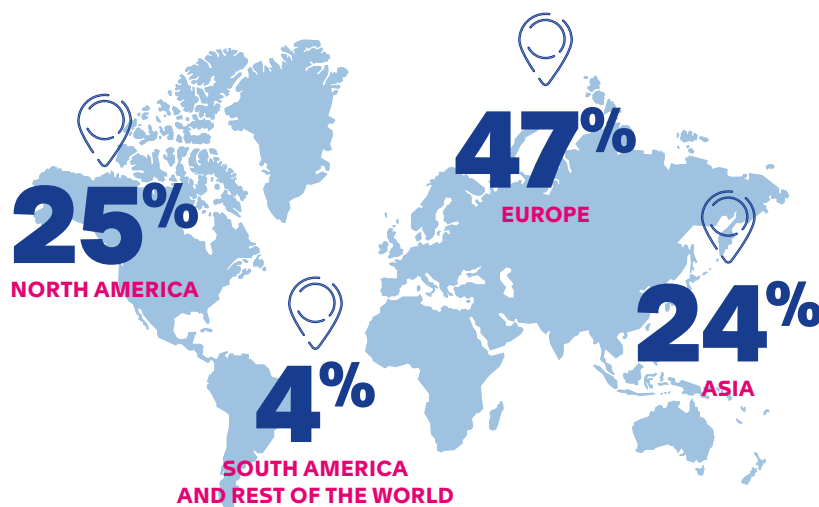
5%
of Group sales

Clarion Electronics

Electronics, software & Artificial Intelligence for personalized user experiences

- Cockpit electronics
- Display technologies
- Advanced Driver Assistance Systems

Sales by region



■
“We move
into 2021 with
a strong ambition
and new
perspectives
for development.”





Interview with Patrick Koller Chief Executive Officer

—> A transformation strategy to meet the challenges facing the automotive industry

Over the past few years Faurecia has significantly transformed its business through acquisitions and partnerships. Could you explain your strategy?

Faurecia's mission is to develop technologies for Sustainable Mobility and to create personalized experiences for the Cockpit of the Future. At the same time, we offer solutions to meet the challenges of future generations. This mission guides our transformation strategy and our investment. In 2019, we created our fourth Business Group, Faurecia Clarion Electronics, accelerated our investment in fuel cell technologies for zero-emissions mobility and launched our ambitious program to be CO₂ neutral by 2030.

Our new Business Group, which is headquartered in Japan, is a fundamental enabler of our Cockpit of the Future strategy and will drive the development of personalized and connected experiences for all occupants. The integration of Clarion is now completed and the Business Group is on a solid trajectory for profitable growth as demonstrated by the high level of order intake in 2020.

Another acquisition you made in 2020 was that of SAS Interior Modules. How does this contribute to the Group's strategy?

SAS has a strong expertise in systems integration and product diversity management and gives us the ability to integrate a full range of interior modules and functionalities. It strengthens Faurecia's Just-in-Time network and logistics competences. SAS has strong growth potential in North America and in China and has also shown a very strong order intake in 2020.

One of the key issues of the industry is zero emissions. What are you doing in this field?

This question is at the core of our strategy for Sustainable Mobility and we are investing significantly in fuel cell technology. Expanding the use of hydrogen is a cornerstone of the energy transition. Green hydrogen could supply almost 20% of the world's energy demand by 2050. Its natural abundance and versatility of production can help solve several critical energy decarbonization challenges in the future. Hydrogen is perfectly suited in particular to commercial vehicles, given its benefits in terms of refueling time and autonomy.



Our strategy is aligned with the needs of the automotive industry as we invest in fuel cell technology and our CO₂ neutral initiative.

Faurecia aims to become a leader both in hydrogen storage systems and distribution services, for which we have created a center of excellence in France, and in fuel cell stack systems and services through our joint venture with Michelin. We strongly believe in this technology as an answer for sustainable mobility.

The second aspect of the question is how we reduce our own emissions. The latest science has made it clear that more needs to be done urgently in order to avoid the worst impacts of climate change. As a company, Faurecia has a strong conviction that we need to make a positive contribution to the planet. We launched our CO₂ neutral program at the end of 2019 and we have created a partnership with Schneider Electric to support our ambition to become CO₂ neutral for our internal emissions across all of our 300 sites by 2025 (scopes 1 & 2). By 2030, we will converge towards neutrality for our controlled emissions (scope 3 excluding emissions of vehicles equipped with Faurecia products). I am particularly pleased that our CO₂ neutral trajectory was recently approved by the SBTi (see p.30). Through this program we want to both reduce our environmental impact and create long-term value across our entire supply chain.



—> Agility and resilience strengthened in 2020

Obviously 2020 was an exceptional year with the pandemic and ensuing economic crisis. How did Faurecia deal with this situation, particularly in the first half of the year?

It was a truly unprecedented situation, starting in China in January and then spreading to the rest of the world. Almost all countries experienced lockdowns of many weeks and in the second quarter of the year production levels globally were down 50%. Our first priority was the health and safety of our employees and preparing for the safe restart of production. Our safety protocol was implemented and audited regularly across all our sites and was also shared with suppliers and other industries. Our second key priority during the first half of the year was ensuring our liquidity, which we also managed very successfully. During the rest of the year we managed a very rapid ramp-up of production and remained extremely focused on the health and safety of our employees and vigilant to the evolution of the pandemic.

What are the characteristics of Faurecia that enabled you to navigate this crisis?

I think our performance during the year, and the achievement of our improved guidance, is a key indicator of our resilience. We had already demonstrated this in 2019 and we were in a good position to react very rapidly to the situation. I believe the strength of our relationships with our customers and our



Our strong focus on Total Customer Satisfaction has been key and has enabled us to have a record order intake again in 2020.

suppliers was also critical. Our strong focus on Total Customer Satisfaction during this period has been key and has enabled us to have a record order intake again in 2020. We launched several initiatives with our suppliers to support them and to build a strong and resilient supply chain. Above all however it was clearly our teams that made the difference. I would really like to thank all of our employees for their commitment throughout the year in very difficult conditions and which allowed us to show an extremely resilient performance.

Could you outline your main initiatives that are allowing you to demonstrate this resilience?

We have accelerated several initiatives which will allow us to lower our breakeven point significantly. These include our Global Business Services deployed in five key centers and being expanded into other functions, and our Research and Development efficiency program which will allow us to increase our investment

in innovation. In our plants our digital transformation is allowing increased efficiency and agility, in particular through automation. The next stage will involve the use of data and Artificial Intelligence. Obviously, the massive shift we made to home office would not have been possible without our digital workplace, enabled by our partnership with Microsoft. This allowed us to maintain communications, meetings and trainings as well as virtual factory visits and audits. In the future I think our digital transformation will not only continue to ensure operational efficiencies across our factories but will also enable new ways of working.

—> A strong ambition for the future

What do you think the long-term impact of the crisis on the automotive industry will be and will this impact Faurecia's strategy?

It is still a bit early to tell what the long-term impact of the crisis will be on the automotive industry, but we can already see that some trends are being accelerated, in particular powertrain electrification. As market incentives and CO₂ regulations drive both offer and demand for zero-emissions vehicles, the only question remaining is the speed of uptake of electric vehicles. Our current hypothesis is that by 2030 around 30% of the market will be full electric vehicles. Another related impact is the attitude of society towards climate change and the demand for action. On the other hand, it is probable that investments in full autonomous driving will slow down. Our strategy is more than ever aligned to the needs of the automotive industry as we invest in fuel cell technology and our CO₂ neutral initiative.

Could you tell us about your initiatives for sustainability and future generations?

We have a strong conviction that we must act today for future generations. This is a key driver of our ambition to be CO₂ neutral by 2030 and our commitment to develop our people and support our communities. I believe our training through Faurecia University and our online learning portal are best-in-class, and allow all Faurecians to adapt to the transformation of our business. I am also pleased to have launched the Faurecia Foundation which supports initiatives proposed by our employees to help their local communities in the fields of education, mobility and the environment.



We will continue to strengthen our resilience and agility to accelerate our profitable growth and achieve our ambition of 8% operating margin and 4% net cash flow in 2022.

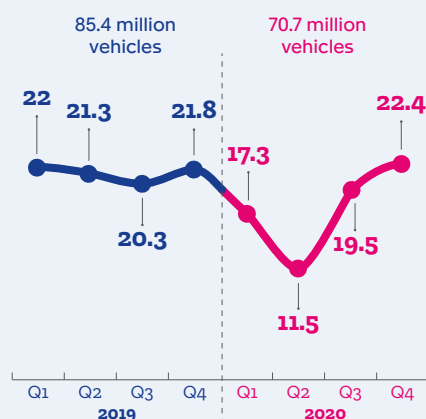
What is your outlook for the next few years?

We will continue to strengthen our resilience and agility and benefit from a strong order book to accelerate our profitable growth. This will enable us to achieve our targets of 8% operating margin and 4% of net cash flow in 2022. We welcome the decision of Stellantis to distribute its participation in Faurecia to its shareholders, which will increase our free float, improve our capital markets profile and allow us to affirm our business strategy as an independent company. We will be successful in achieving our strong ambition for 2025 thanks to the continued and unwavering support of all our employees, suppliers, customers and shareholders. I would like to thank them sincerely for their commitment during this particularly difficult year. We have come through this period successfully and are looking forward to the future with optimism and enthusiasm.



→ 2020 Financial performance & roadmap

Worldwide automotive production (in millions of vehicles)



Source: IHS Markit (vehicles segment in line with CAAM for China)

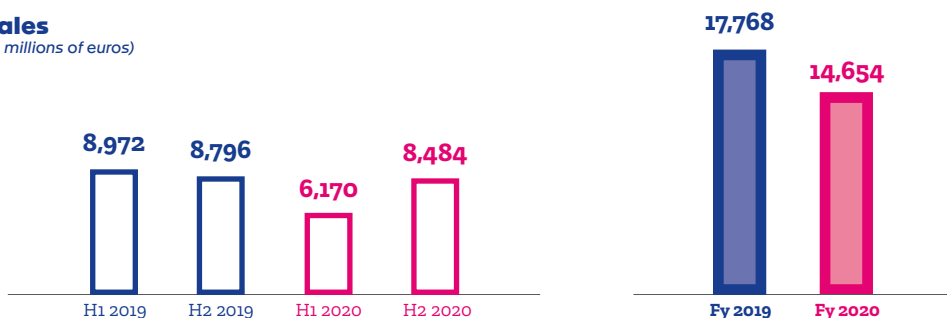


“ OUR PERFORMANCE IN 2020 ILLUSTRATES OUR STRONG RESILIENCE ”

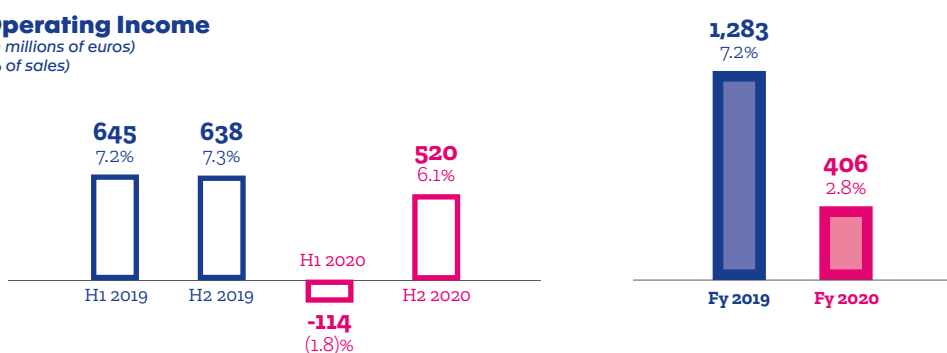
In 2020, the automotive industry was deeply affected by the COVID-19 crisis. Within this unprecedented context, Faurecia was able to manage very effectively in an extremely tense first half of the year, and then benefited from a gradual market recovery. In the second half, the Group returned to a profitability level close to that of 2019, and offset the high cash burn in the first half. The Group strengthened its main financial indicators so as to take advantage of the expected rebound in the automotive market from 2021 onwards.

Michel Favre
Executive Vice President,
Group Chief Financial Officer

Sales (in millions of euros)



Operating Income (in millions of euros) (% of sales)

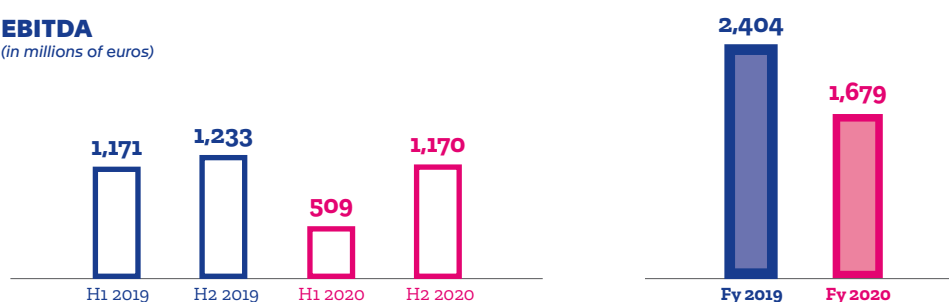


Legend
→ H: Half year
→ FY: Full Year

Performance

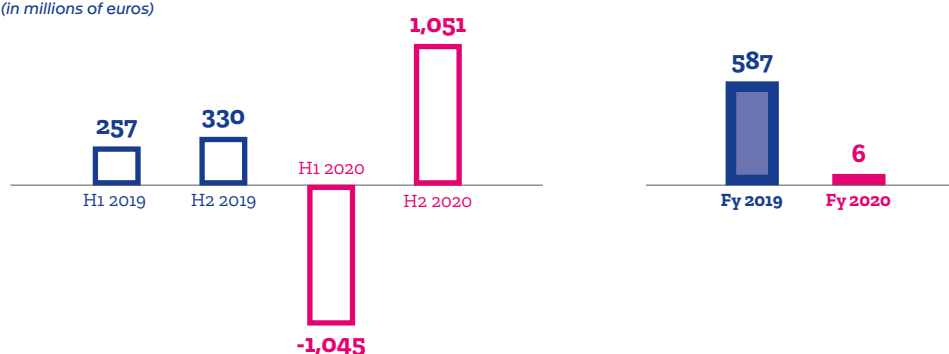
EBITDA

(in millions of euros)



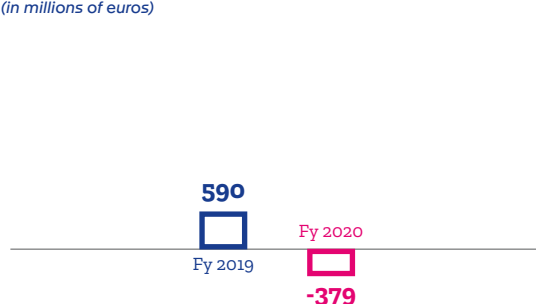
Net Cash Flow

(in millions of euros)



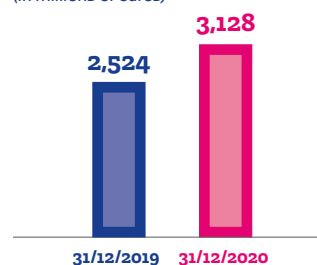
Net Income Group Share

(in millions of euros)



Net Debt at year-end

(in millions of euros)



2022 financial targets and 2025 ambition

These figures were revealed by Faurecia at its Capital Markets Day held on February 22, 2021.

| | 2022 target | 2025 ambition | 2021 to 2025 |
|-------------------------|-------------|------------------------|--|
| SALES | ≥ €18.5bn | ≥ €24.5bn | Organic CAGR c. +11% Average outperformance > +500bps |
| OPERATING MARGIN | 8% of sales | > 8% of sales | |
| NET CASH FLOW | 4% of sales | close to 4.5% of sales | Cumulated 5-year > €4bn |

→ 2020 CSR indicators & roadmap

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



RESPECT FOR THE PLANET

GHG EMISSIONS INTENSITY

47 tons CO₂
equivalent /€m sales (scopes 1 & 2)

ENERGY INTENSITY

120MWh/€m
sales of which 15% renewable energy

WASTE TREATMENT INTENSITY

13.5 tons
waste/€m sales

79%
of sites certified ISO 14001

€13.5m
invested in environmental protection of which 67% for energy efficiency



RESPONSIBLE EMPLOYER

SAFETY AT WORK

1.60
FR1t accidents (number of accidents per million hours worked without day lost) in 2020 down by 22% over previous year

DIVERSITY & INCLUSION

25.1%
female Managers & Professionals in 2020, up from 24.4% in 2019

34%
of Managers & Professionals non-European

EMPLOYEE SATISFACTION

76
points engagement up 12 points compared to 2019

EMPLOYABILITY

19.2
hours training per employee

LOCAL COMMUNITIES

3
projects supported by the Faurecia Foundation in 2020



RESPONSIBLE BUSINESS PRACTICES

SUPPLIERS

87%
of Tier-1 suppliers CSR screened by Ecovadis up from 80% in 2019

CUSTOMER SATISFACTION

4.2 ★★★★★
stars out of 5 up from 4.0 in 2019

BUSINESS ETHICS

95%
managers & professionals trained on Code of Ethics

A clear sustainability for 2025/2030

➤ **CO₂ neutral in operations**
CO₂ neutral for scopes 1 & 2 by 2025

➤ **Eco design in products**
CO₂ neutral for controlled emissions scope 3 by 2030

➤ **Investment for sustainable technologies**
€1.1bn cumulated 2021-2025

➤ **Safety as 1st priority**
FR1t <1.2 by 2025

➤ **Diversity & inclusive culture**
30% of female Managers & Professionals (M&Ps) by 2025

➤ **Learning ambition**
25h/year/employee by 2025

➤ **Business ethics**
100% of employees trained on the Code of Ethics in 2025

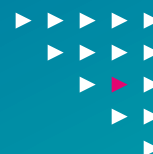
➤ **Responsible supply chain**
>90% of suppliers assessed by Ecovadis by 2025

See Chapter 4 Extra-Financial Performance of the Universal Registration Document.

STRATEGY



Transformation and value creation

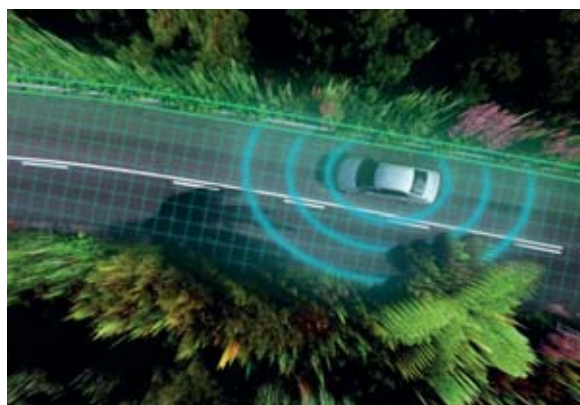


→ A world in permanent disruption

Prior to the 2020 pandemic and ensuing economic crisis, society and business were already in an age of unprecedented disruption.

Major economic and societal trends were shaping the world and its future: climate change, resource scarcity, growing and aging populations, economic power shifting towards Asia, and urbanization are just a few examples.

As a consequence the automotive industry is in the midst of a technological revolution driven by four megatrends making mobility more connected, autonomous, shared and electrified. The entire industry has adapted to take into account different attitudes towards mobility, develop new business models and invest massively in new technologies. Whilst it is too early to tell what the long-term impact of the global pandemic and economic crisis will be on the automotive industry, production volumes will not recover their 2019 levels before 2022 or 2023.



Connectivity

Connected cars are already a reality and by 2025 almost 80% of vehicles will be connected to the internet. The trend for connected cars is driven both by legislation for safety (emergency calls), customer expectations for infotainment and technology developments for autonomous driving. Connectivity will allow continuous monitoring and upgrading of the vehicle and will provide access to a wide range of services for car occupants, including for safety and on-board user experiences for comfort, well-being, productivity and entertainment. It will also enable cars to communicate with their wider environment, including other vehicles and infrastructure.

Recent evolution

The deployment of 5G for increased connectivity has slowed down in Europe as compared to the US and Asia. 5G enables low latency and large bandwidth communication for automotive applications in the areas of driving assistance or infotainment. So we are likely to see regional disparities in the deployment of these technologies.

Autonomous driving



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. Autonomous technology for level 3 and level 4 systems already exists today but is unlikely to see rapid deployment due to their high cost and an undefined regulatory framework. Robotaxis are likely to be the first mass application of autonomous vehicles with thousands of vehicles already on the road in pilot programs, while private cars are likely to remain focused on ADAS levels 2 and 3 systems for the foreseeable future.

Recent evolution

The acceleration of electrification means that the major investments required for autonomous driving are likely to slow down with automakers focusing on the incremental deployment of Level 2 and Level 3 driver assistance systems. L4/L5 autonomous driving could represent 3% of vehicles sales in 2030 versus a previously estimated 6%.

Shared mobility

Connectivity is also impacting the way users see mobility as they begin to use new solutions, particularly in urban settings. Ride-sharing and car-sharing services have experienced significant growth driven in particular by city strategies for improved mobility. The introduction of autonomous vehicles as robotaxis (Mobility as a Service or MaaS) should accelerate the shift by significantly reducing costs per kilometer.

Recent evolution

In the short-term ride-sharing services have suffered with the lockdowns and economic crisis, as well as increasing health concerns. However, the rise of micromobility alternatives and the push for electric vehicle car-share schemes in major urban areas is likely to drive a return to shared mobility in the mid-term.



Electrification

The powertrain mix is rapidly evolving towards electrification, due to environmental concerns and pressure from regulators and society.

While different regions are moving at different speeds towards zero emissions, we are already seeing an acceleration in the production of hybrid and electric vehicles. As technologies mature and charging infrastructure is deployed there will be a rapid increase in electric

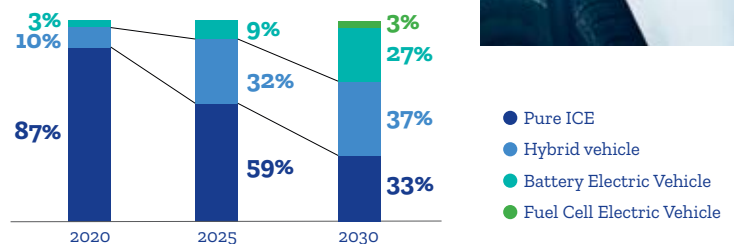
vehicles. Battery Electric Vehicles and Fuel Cell Electric Vehicles will co-exist as zero-emissions alternatives, depending on use cases with fuel cell being particularly adapted to commercial vehicles with its longer range and faster re-fueling time. This trend towards zero emissions depends on the emergence of ecosystems for electricity and hydrogen supply, as well as the decrease in the technology cost.



Recent evolution

Electrification will accelerate as regulations and government incentives boost both offer and demand and as society becomes increasingly concerned about climate change. Our fast electrification scenario of 30% electric vehicles in 2030 is confirmed. The massive investments being made in many countries in hydrogen as a clean energy source could be a game changer for transportation and logistics.

Global powertrain mix (Passenger vehicles)



Climate change takes center around the world



The political and societal drive towards action climate change has now reached the forefront of the agenda in many countries and regions of the world. The Green Deal in Europe to reduce greenhouse gas emissions by 55% in 2030 and to have no net emissions in 2050 is a clear demonstration of this, as is the emphasis put on renewable energy in economic recovery plans. With transport accounting for around one quarter of global CO₂ emissions and passenger vehicles around 10%, the automotive industry has a strong responsibility to reduce greenhouse gas emissions and reduce its environmental impact. Actions on climate change present a number of opportunities for Faurecia.

Our strategic solutions and priorities

Faurecia brings solutions to meet the needs of the automotive industry

•••• Solutions for Sustainable Mobility & the Cockpit of the Future

Faurecia is uniquely positioned to create long-term value by developing technologies for Sustainable Mobility and personalized experiences for the Cockpit of the Future.

•••• An ambition to be CO₂ neutral by 2030

Faurecia is committed to tackling climate change and has launched an ambitious program to converge to CO₂ neutrality by 2030. The Group's program has been validated by SBTi (see page 30).

We achieve this through a strong focus on:

•••• Innovation accelerated by a strong ecosystem

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

•••• Total Customer Satisfaction driven by operational excellence

Our operational efficiency and resilience are driven by established systems and processes across the value chain and are accelerated by our digital transformation.

•••• A strong culture based on Convictions and Values

Our Convictions and Values underpin our culture and drive our actions for employee engagement, ethical business conduct and respect for the planet.





→ Sustainable development fully integrated into Faurecia's strategy and culture

Faurecia's approach to sustainability is an integral part of our corporate culture. Our Convictions and Values reflect our ambition to have a positive impact on society and to curb the effects of climate change.

Faurecia has identified six Convictions for sustainable development and is deploying transversal initiatives with defined and measurable improvement indicators for the planet, our business and our people.

As the world continues to face profound uncertainty and volatility, our belief that companies must have a positive impact on society and work to support future generations is strengthened.

Our sustainability approach is the reflection of that ambition.

Faurecia supports the United Nations SDG program and in 2019 identified the 11 United Nations Sustainable Development Goals to which it is making a contribution.



⋮ Faurecia contributes to the Sustainable Development Goals through its approach "inspired to care"

Faurecia supports the United Nations SDG program aiming to achieve a better and more sustainable future for all. Faurecia identified to which of the 17 SDGs it is making a contribution through its sustainable development actions and operations.

 See Chapter 4 Extra-Financial Performance of the Universal Registration Document.

→ Our business model for value creation

→ Resources



PEOPLE

- **114,000** employees: **103** nationalities in **35** countries
- **5 Faurecia University campuses**
- **79,000** employees connected to e-learning portal, including **45,000** operators connected in 2020



BUSINESS

- **€1,187m** gross R&D expenditure
- Global **innovation ecosystem**
- **219** programs launched in **23** countries and **145** plants



PLANET

- **€13.5m** invested in environmental protection
- **79%** ISO 14001 certified sites

→ Strategy & operational model

inspiring mobility

2 priorities

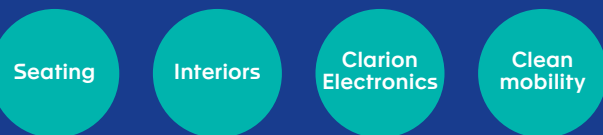
Cockpit of the Future

Solutions for a connected, personalized and predictive Cockpit

Sustainable Mobility

Solutions for ultra-low and zero emissions mobility

4 Business Groups



Ambition

CO₂ neutral by 2030

→ Value created for stakeholders

Investment in innovation & strong ecosystem

Convictions and Values for sustainable performance

Operational excellence and Total Customer Satisfaction



PEOPLE

- **25.1%** female M&Ps in 2020, up from **24.4%** in 2019
- **19.2** hours training per employee in 2020
- **FR1† 1.60** accidents in 2020 down by 22% vs 2019



BUSINESS

- **621** first patent filings in 2020
- **87%** of Tier 1 suppliers CSR screened by Ecovadis
- Customer satisfaction: **4.2 stars** out of 5
- **40** customer recognition awards



PLANET

- Energy consumption: **120MWh/€m** sales of which 15% renewable energy
- Water consumption: **2.7 million m³** in 2020
- GHG emissions: **780,000** tons (scopes 1&2)

2020 REVENUES

€14,654m

Employees' salaries & social charges

€3,480m
23.8%

Dividend paid to minority interests

€35m
0.2%

Banks finance costs

€186m
1.3%

States / communities taxes

€179m
1.2%

Suppliers purchases & other external costs

€10,191m
69.5%

→ Ability to finance future growth

€479m
3.3%

Investments in fixed assets

€1,187m
8.1%

Gross R&D expenditure

€345m
2.4%

Investments in acquisitions

■ **Cockpit of the Future**

**Personalized
and connected
on-board
experiences**

Faurecia’s vision for the Cockpit of the Future is to provide a more personalized, predictive and connected environment to enable occupants to make the most of their time on board.



The Cockpit of the Future will allow personalized consumer experiences combining functionalities such as infotainment, ambient lighting, postural and thermal comfort and immersive sound. The onboard journey will become an extension of today’s connected lifestyles as people shift seamlessly between driving, working, relaxing, and socializing. From its leading position in Seating and Interiors, Faurecia has undertaken a series of acquisitions and partnerships which give it a unique position in cockpit electronics, interior modules and systems architecture. In 2019 Faurecia created its fourth Business Group, Faurecia Clarion Electronics, providing the key software and electronics expertise to enable its vision of the Cockpit of the Future.

CONNECTED EXPERIENCES



During the 2020 CES in Las Vegas, Faurecia showcased a redesigned interior of a Ford-150, America’s best-selling vehicle, exploiting its full technology portfolio and integration expertise. It shows how scalable and upgradable solutions enable automakers and mobility

providers to customize individual comfort, personalize onboard experiences and improve safety and user interactions.

ADVANCED SAFETY FOR ALL OCCUPANTS

To ensure that passengers are safe in all seated positions, features such as airbags or the seatbelt can be integrated directly into the seat. This technology called the Advanced Versatile Structure (AVS) allows occupants to drive, relax and work safely and efficiently. Smart kinematics effortlessly recline, lift, adjust and swivel the seat, and then return it smoothly and quickly back to the upright or driving position. ZF and Faurecia cooperate in a strategic partnership to develop innovative safety and interior solutions linked to different potential occupant positions.

A MULTI-SENSORIAL EXPERIENCE TO ENHANCE WELLNESS

Faurecia and its strategic partner Mahle work together to integrate and connect different interior and seating features to enhance the onboard experience. The focus has been on creating an individual thermal and comfort bubble that leaves a passenger feeling better at the end of their journey. The vehicle monitors real-time data from occupants to detect stress or fatigue for example and then offers multi-sensorial experiences to relax or refresh occupants. Over time, Artificial Intelligence and contextual analysis will enable the vehicle to anticipate user preferences.

Integrating SAS Interior Modules

➤ In early 2020 Faurecia completed the acquisition of the remaining 50% of its joint venture with Continental and created the business line SAS Interior Modules. SAS is a leader in cockpit module assembly, logistics and Just-in-Time delivery. This acquisition brings Faurecia expertise in

complex logistics and assembly and reinforces its systems integration offer to cover the full range of interior modules. SAS has strong growth potential in North America and China and has shown a very strong order intake in 2020.



→ A complete offer for cockpit experiences

Faurecia Clarion Electronics is structured around three key product lines: Cockpit Electronics, Displays Technologies and Advanced Driver Assistance Systems. These product lines provide the user experience for the Cockpit of the Future and intelligent solutions for a safer, more comfortable and more enjoyable driving environment, connecting people with information and services both inside and outside the vehicle.

Clarion Electronics is deploying a profitable growth strategy to reach 1.4 billion euro of sales in 2022. In 2020 it achieved 2.5 billion euros of order intake which will allow it to rapidly diversify its customer portfolio and geographic mix.

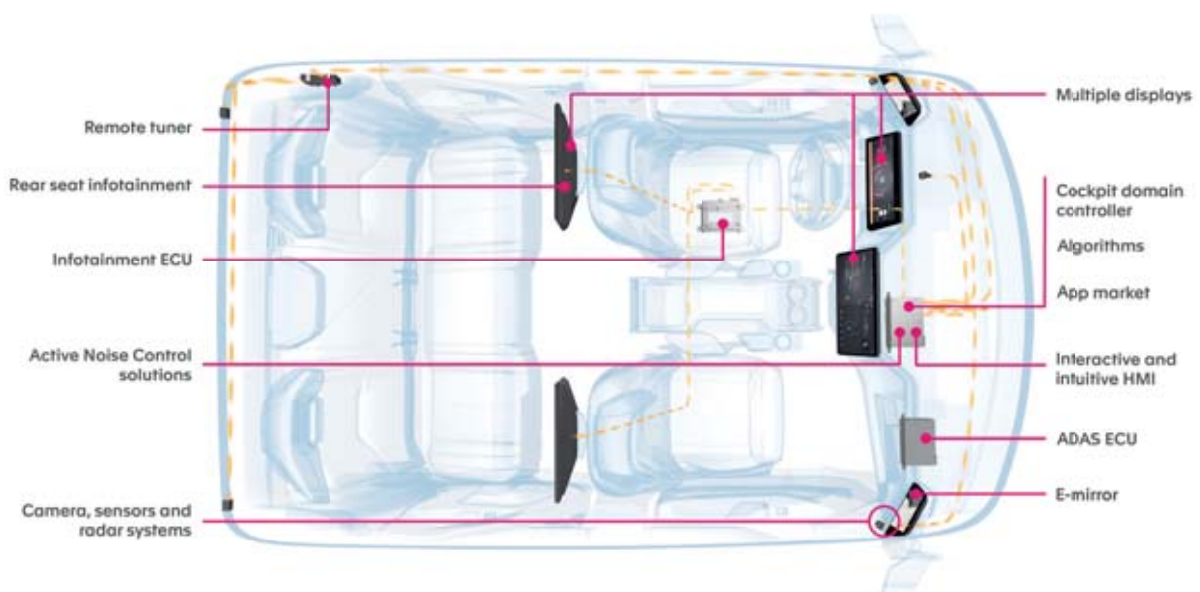
Cockpit Electronics: Faurecia's cockpit electronics offer provides a single system for multi-display management across the vehicle, as well as intuitive HMI systems such as Trenz and an onboard app store. Its cockpit monitoring systems based on sensor fusion and image processing will offer disruptive consumer experiences and advanced safety. Trenz's customizable and intuitive user interface won a 2020 German innovation award in the Automotive Technologies category.

Display Technologies: Faurecia has acquired a strong optical bonding know-how through the acquisition of Covatech. Combined with

its cockpit architecture, interior integration expertise and its global industrialization capabilities, Faurecia has a strong display technology offer, in particular for extra-large or complex shaped displays.

Advanced Driver Assistance Systems: Based on its expertise in image processing and sensor fusion, Faurecia has developed a strong offer for automated parking systems including valet parking, as well as vision systems including surround view and e-mirrors.

Faurecia Clarion Electronics received the Japan Institute of Design Promotion's (JDP) Good Design Award 2020 for two HD camera systems.



Clarion Electronics technologies

→ New technologies on the road in 2020

Faurecia Clarion Electronics has seen some exciting market launches in 2020, accelerated by its strategy of partnerships and targeted acquisitions.

LARGE AND COMPLEX DISPLAYS ON THE ROAD IN CHINA

In 2020 Faurecia achieved strong order intake for display technologies and also launched advanced displays in several vehicles in China. Production for display systems for GAC, FAW and Great Wall Motor (GWM) began in the second half of the year and were all revealed at the Beijing autoshow. In total, Faurecia equips 300,000 vehicles a year in China with its display systems.



The 1.4m curved screen integrated into FAW's Hongqi eHS9 is the largest available display in the automotive market, stretching across the dashboard and behind the steering wheel. Production is also under way for an L-shaped display for the Hycan 007, a new all-electric SUV model from GAC and NIO, and dual screens for GWM's P01.

OPTIMIZED SCREEN VISIBILITY EVEN IN BRIGHT SUNSHINE

IRYStec, a start-up acquired by Faurecia in 2020 revealed its world's first software platform using perception and physiology to optimize the user experience of display systems inside the new Mercedes convertible E-Class. This technology provides much better perceived brightness and contrast even in very bright lighting conditions, giving a safer and more comfortable user experience.

"Joining forces with Faurecia is a great milestone for IRYStec as it will allow the development of our core innovation solution for intelligent displays as part of a global leader in automotive technology. We are very impressed by Faurecia's innovation roadmap and are looking forward to building the next generation of our products together aiming at unique cockpit user experiences."

Tara Akhavan,
Founder, IRYStec Software



AN ANDROID APP STORE AT YOUR FINGERTIPS IN BRAZIL



Starting in July 2020, VW customers of vehicles such as the Nivus in Latin America were the first to have access to Faurecia Aptoide's connected, updatable and personalized experiences. Faurecia Aptoide's app store offers content curated for each market – rather than a one-size-fits-all approach – and can be fully adjusted to consumer preferences.

The Aptoide app store offers one million Android apps covering a variety of use cases such as gaming, navigation, content streaming services, point-of-interest recommendations or parking. Aptoide also offers an integrated secure payment mechanism.



■ Sustainable Mobility

Solutions for ultra-low and zero emissions mobility

Societal 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.



F aurecia is addressing all market segments from passenger vehicles to commercial vehicles and industry with energy efficient solutions. The Group is investing today to secure a sustainable world for future generations driven by zero-emissions mobility and in particular fuel cell technologies.

INNOVATION FOR CLEANER AND QUIETER PASSENGER 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 20% by 2030.

The key technologies for fuel economy and emissions reduction that are already in production or will be by 2025 are the Electric Heated Catalyst solution which includes a pre-heating function that can ensure near zero emissions, and a combined Exhaust Gas Recirculation/Exhaust Heat Recovery System which can give over 3% in CO₂ savings.

Electrification also drives demand for ultra-quiet vehicles and Faurecia has an outstanding offer for reducing engine noise through advanced exhaust line architecture, electric valves and resonance-free pipes.

SCALING UP TO TRUCKS AND INDUSTRIAL APPLICATIONS

Faurecia is anticipating the rapid emissionization of all commercial vehicles, particularly in growing markets like China and India, where regulations are converging towards European and North American standards. Technologies such as Faurecia's heated doser contribute to ultra-low NOx emissions by operating efficiently even at low temperatures and are compatible with current and future aftertreatment architectures. In 2018, Faurecia acquired Hug Engineering, the European leader in complete exhaust gas purification systems for high horsepower engines for which stringent regulations are being implemented in all regions both for stationary and marine applications.



→ The decade of hydrogen has begun for zero emissions mobility

Faced with the growing impact of climate change, harsher penalties for greenhouse gas emissions and the need to provide sustainable energy to a fast-growing global population, companies, governments, and civil society are all mobilizing to accelerate urgently-needed sustainability initiatives.

**€17
BILLION**

Fuel cell systems are set to represent a market of almost €17 billion by 2030, and Faurecia aims to be a market leader with above €3.5 billion euros of sales in 2030.

A COMMITMENT TO HYDROGEN AS THE ENERGY OF THE FUTURE

Expanding the use of hydrogen is a cornerstone of the energy transition. Green hydrogen could supply almost 20% of the world's energy demand by 2050, and effectively eliminate six gigatons of CO₂ emissions every year. Its natural abundance and versatility of production can help solve several critical challenges, from lowering emissions to alleviating dependence on global supply chains and bolstering energy security.

In mobility, hydrogen is perfectly suited to commercial vehicles, as well as high-horsepower engines, giving it the

potential to transform transportation and logistics. Beyond the benefits in terms of refueling time and autonomy, the total cost of ownership of fuel cell electric vehicles is set to overtake that of equivalent battery electric vehicles between 2023 and 2030. By 2030, it is estimated that around two and a half million vehicles equipped with fuel cell technology will be on the roads. Of these, Faurecia estimates that around 500,000 will be commercial vehicles, and two million will be passenger and light commercial vehicles.

INVESTING IN THE FUTURE OF ZERO-EMISSIONS MOBILITY

With the ambition to be a world leader in hydrogen mobility, Faurecia has invested over €160 million in R&D, manufacturing, strategic partnerships and acquisitions over the past three years. The Group is now well-positioned on the two key elements of fuel cell systems which represent around 75% of the value chain. These are hydrogen storage systems and distribution services, which are developed in-house and fuel cell stacks and systems produced by Symbio, a joint venture with Michelin.

Hydrogen mobility is a reality today, and Faurecia already has four contracts to equip light commercial and heavy-duty vehicles with fuel cell systems. In a first milestone for the off-road segment, Faurecia has also partnered with Gaussin to develop hydrogen storage systems adapted to their logistics and port vehicles.



→ Symbio: a game changer for fuel cell stack systems



Bringing together the complementary strengths of Faurecia and Michelin, Symbio is well-positioned to become a catalyst for the large-scale adoption of hydrogen mobility. With its unique expertise and priority given to the establishment of automotive production standards, the company aims to become a world leader in hydrogen mobility. Symbio has been working for more than ten years on hydrogen technology and it has already equipped 30 vehicle fleets which have travelled more than four million kilometers. It aims to produce 200,000 StackPacks® - its pre-validated and pre-integrated hydrogen systems - per year in 2030. In St Fons at the heart of the Hydrogen Valley in Lyon, construction is under way for the largest industrial facility dedicated to the production of fuel cell stacks in Europe.

••• ZOOM

Gaussin and Faurecia partner to develop a fleet of zero-emission logistics vehicles

Faurecia develops hydrogen storage systems containing 5kg of hydrogen at 350 bars and with up to 12 hours of autonomy for Gaussin at its global center of expertise in Bavans. Delivery of these systems began in 2020 for two types of Gaussin vehicles: the ATM-H2, used for transport in logistics centers with a traction capacity of 38 tons and the APM-H2, suited to ports, with a towing capacity of up to 75 tons.



→ Global center of expertise dedicated to hydrogen storage systems in Bavans, France

At its unique global center of expertise dedicated to hydrogen storage systems in Bavans, France, Faurecia has regrouped state-of-the-art equipment for R&D, industrial production, and safety tests under one roof. This allows the development of new production processes and integrated technologies such as IoT sensors to lower costs, improve maintenance and durability. By using innovative materials and improving recyclability Faurecia is also strengthening the circular economy and developing new after-sales business models.

A facility with more than 60 engineers and technicians able to:

- Design hydrogen storage systems and produce prototypes
- Test hydrogen storage systems using state-of-the-art equipment
- Develop new tank designs to increase their performance
- Develop new industrial processes to accelerate production
- Work on innovative materials and smart tanks with embedded IoT sensors

■ CO₂ Neutrality

An ambitious roadmap for 2030

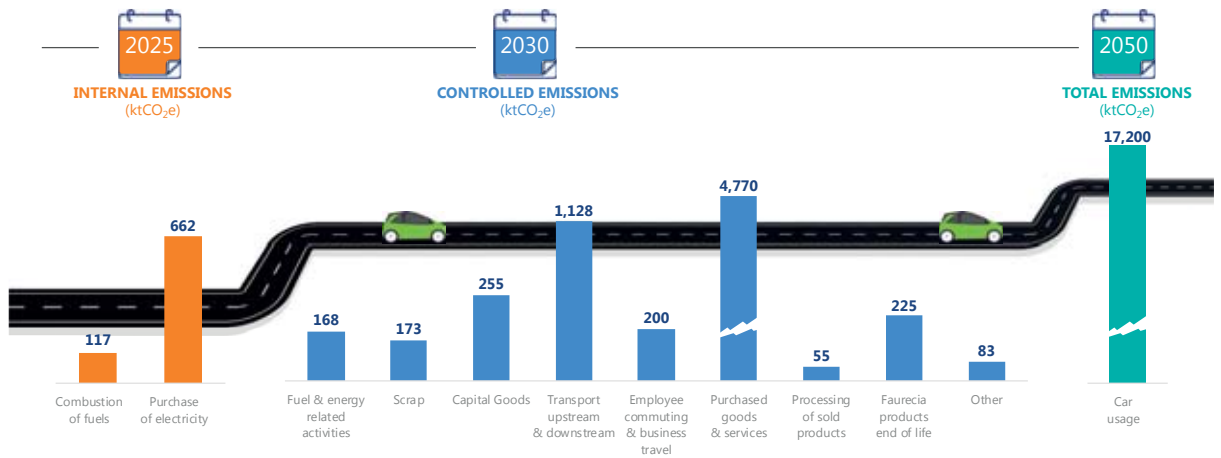
Climate change affects every single person and community on our planet, and everyone has a role to play in limiting its progression. Faurecia has an ambitious goal to become CO₂ neutral by 2030. Through this program Faurecia wants to both reduce our environmental impact and create long-term value across our entire supply chain.



Evaluating and rethinking the way we develop, procure, manufacture, distribute and dispose of products and moving towards a more circular economy will be key on the way to CO₂ neutrality.

Ambitious roadmap for CO₂ neutrality with a strong action plan in three stages:

| | | |
|--|--|--|
| <p>By 2025</p> <p>we will be CO₂ neutral for our internal emissions across all of our 300 sites. This will be achieved through using less energy and more renewable energy either purchased or produced on sites. To reach our goals, we partner with experts and invest in energy-efficiency projects at our production facilities.</p> | <p>By 2030</p> <p>we want to be CO₂ neutral for our controlled emissions. This will be achieved through strong collaboration with our suppliers and the reorganization of our purchasing processes for low-carbon raw materials, in particular steel and plastics, product redesign and services such as transportation.</p> | <p>By 2050</p> <p>we aim to be CO₂ neutral for our total emissions as the whole industry moves towards zero-emissions mobility and a circular economy.</p> |
|--|--|--|



Faurecia 2020 emissions (in kilo-tons CO₂ equivalent)



■ **Rémi Daudin**
Sustainable
Transformation
Vice President

“**F**irst, we are going to take care of our own activities and we want to make all of our 300 sites CO₂ neutral by 2025. By digitizing our energy systems in our plants and by operating our machines at the just necessary levels, we will save more than 15% of energy. Then, we will go for renewable electricity, meaning we will equip most of our plants with solar panels. For the rest, we will purchase renewable electricity, solar or wind, that will be produced offsite.

By 2030, we will also target our upstream and downstream activities. We will need to purchase new materials and services, and we need to rethink the design of our products in such a way as to minimize their CO₂ footprint. We will also need to manage the end-of-life of our products

differently and we will go for a more circular economy: recycling, reusing, and extending our products' life. Of course, we will also optimize our logistics, including the way of transporting our materials and our industrial footprint. We will target everything we do in the company. At the end, we will neutralize our residual footprint through CO₂ sequestration projects.

Our plan is ambitious but realistic. To achieve it, we have mobilized all the resources of Faurecia, together with our ecosystem of partners and the entire value chain, in particular our suppliers and our customers. We want to be a leader in this transformation, we want our industry to change. We will collectively act for that, today and every day. ”



Based on the most rigorous and conclusive scientific facts, Faurecia's roadmap has been approved by the Science Based Targets initiative (SBTi) and is consistent with the reduction required to keep global warming to 1.5°C, the goal of the Paris Agreement and the most ambitious designation available through the SBTi process.

CO₂ neutral in production with Schneider Electric partnership

Faurecia has entered into a partnership with Schneider Electric to elaborate an action plan for 300 sites, to optimize energy sourcing and to use less energy and to emphasize clean energy. This will involve on-site renewable energy production and external renewable energy sourcing. The goal is to achieve fully decarbonized energy by 2025 and Faurecia will invest 70 million euros for energy savings.

“Working with Faurecia, we want to take bold actions to increase efficiency, to reduce carbon emissions, and to demonstrate common leadership in addressing climate change. Schneider Electric is especially pleased to support Faurecia, a leader in the automotive industry, on its ambitious journey towards CO₂ neutrality. The validation of Faurecia's target by SBTi is a clear recognition of the work initiated.”

Jean-Pascal Tricoire
Chairman & Chief Executive Officer
of Schneider Electric



€1.1
BILLION
 Investment
 2021-2025
 in sustainable
 technologies

→ Transversal innovation for CO₂ neutrality

As part of its ambition to reach CO₂ neutrality by 2030, Faurecia is investing in innovation to advance the sustainability of its products and industrial processes across all of its businesses. Innovation is a key contributor along the entire product lifecycle.



SEAT FOR THE PLANET

Four principles guide the “Seat for the Planet” innovation program:

- Use sustainable materials including both natural and lower CO₂ materials as well as recycled and recyclable materials
- Optimize material use by using less and reducing waste in manufacturing
- Avoid mixed materials to facilitate recyclability
- Optimize the design of the entire seat system and each component for easy assembly and disassembly



-15%
weight

-30%
CO₂ by 2030

INTERIORS FOR THE PLANET

Faurecia leads the industry in sustainable materials for automotive interiors with the aim of reducing the CO₂ footprint of materials used by 87% between now and 2030.

First launched in 2011, new generations of the NAFILean® family, which incorporate natural fibers in non-visible plastic interiors components, offer significant reductions in weight (up to 41%) and CO₂ emissions (up to 108% - effectively rendering the product CO₂ negative). Faurecia has also developed the NFPP family using compression technology. These materials enable up to 50% weight reduction and can halve the CO₂ emissions associated with these products.

> €1bn sales in 2025 for sustainable materials



ZOOM

Clarion Electronics contributes to the circular economy through electronics repair service

Faurecia is committed to the circular economy and to increasing the use of natural or sustainable materials, implementing ecodesign processes, and ensuring end-of-life product recyclability. To this end Faurecia Clarion Electronics offers a multi-brand repair service throughout Europe and has recently expanded its partnership to Stellantis and Groupe Renault. By refurbishing, repairing and replacing electronics components, Faurecia can reduce their carbon footprint by up to 85%.

Eco-design in our innovation and development project

- Faurecia is committed to developing and including more sustainable materials (recycled, recyclable, bio-sourced...) in its products and extend the life of materials to help reduce the CO₂ footprint of products. For each innovation and development project, eco-design, use of low-impact materials, substances of concern, manufacturing and end-of-life are evaluated using an eco-design checklist. The possibility of recycling end-of-life products is studied with a view to integrating the best solutions, ensuring reduced environmental impact and considering all utilization cycles at the design stage. Faurecia also participates in the eco-design working group under the auspices of the Verband der Automobilindustrie (VDA) and the Plateforme Automobile (PFA), which aims to stimulate dialogue and deepen knowledge on this topic for the automotive industry.



Acceleration through innovation and ecosystems

Faurecia has based its strategy of innovation on a strong ecosystem of partners to accelerate time to market and to integrate key competences for its systems for Sustainable Mobility and the Cockpit of the Future.



Technology partnerships with industrial companies such as **ZF** for the development of disruptive and differentiating safety technologies or **Mahle** to collaborate on technologies for the thermal management of the Cockpit of the Future.

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

Creating joint ventures to share investment and benefit from complementary expertise such as that with **Michelin** for fuel cell stacks or **Aptoid** for an onboard app store.



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

- The Group has also developed key partnerships for its major initiatives such as that with **Schneider Electric** to accelerate its CO₂ Neutrality program. To accelerate its digital transformation the Group has partnerships with **Accenture** for Artificial Intelligence, **Microsoft** for its cloud strategy and **GuardKnox** for cybersecurity.

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

→ Fueling innovation based on technology trends and collaboration

In 2020, Faurecia renewed its innovation process to take account of recent trends and to be more collaborative across the Group and its ecosystem. All of the Group's product lines now take into account in their innovation process new criteria such as data collection and utilization, sustainability and a systems approach as well as User Experience and HMI. The Group's new innovation process should enable better selection of ideas, increased efficiency and reduced time to market.

➤ **User experience (UX)** is central to innovation activities. Teams integrate UX design conception tools and methodologies, analyzing needs and testing usability via simulation and prototypes to ensure that potential solutions address consumer pain points and enhance experience. This user-centric approach also enables Faurecia to explore

new business models, for example through digital services.

➤ **Systems approach**
The Cockpit of the Future is increasingly intelligent and interactive. Taking a systems approach allows Faurecia to manage the complexity of software, hardware, electronics and mechanical components, taking into account how a technology should connect and interact with other functions within the vehicle interior.

➤ **Eco-design**
The innovation process includes a multi-dimensional approach to risk management. This integrates in particular an assessment of the environmental impact of an innovation including materials used, CO₂ impact in terms of production and usage as well as what happens at end-of life.



Open Ecosystem Innovation challenge in India

➤ In 2020 Faurecia India held an Advanced Open Innovation & Ecosystem Acceleration Program: NOVUS X.0 to support its innovation roadmap. Involving Faurecia employees as well as students from Technology Universities and Engineering Institutes, an online innovation challenge was held with pitch sessions judged by a panel of internal and external members. Ten ideas out of a total of 420 were selected for the Grand Finale "Mobility Innovation Summit and Producation 2020" held in September. Faurecia offered winning students the opportunity to either join the Group for an internship or to finance the creation of their start-up as part of the "Business Angels" initiative.

GROSS R&D EXPENDITURE
IN MILLION EUROS

1,187

THREE YEAR CUMULATED INNOVATION
IN MILLIONS EUROS, 2018-2020

607

R&D CENTERS

39

ENGINEERS

8,000

SOFTWARE
AND DATA ENGINEERS

850



PATENT FIRST FILINGS IN 2020

621

TOTAL PATENT FILINGS IN 2020

1,201

PATENTS IN PORTFOLIO

10,855



IN ACTION



Commitment and operational agility





→ Employee engagement at the heart of our culture

The Group must be able to rely on the best teams around the world to maintain a competitive advantage through operational efficiency, anticipating the next trends, remaining agile, and investing in innovation. Engaging all Faurecians in the company's performance and transformation and

preparing them for changing technologies and working practices is at the heart of Faurecia's culture.

Employee health & safety has always been the number one priority of the Group and this has never been truer than during the COVID-19 pandemic. The Group also successfully managed the switch to 100% online training and communication to ensure employees had access to the information and resources they needed in extremely difficult circumstances.

Other key initiatives were pursued during the year to support the deployment of the Group's Convictions and Values. These included a renewed focus on developing employment opportunities for students and young graduates, continuing to develop an inclusive and diverse culture and accelerating initiatives to support local communities.

These efforts were recognized through a significant improvement in the engagement survey of all employees, both operators and managers and professionals with an average score reaching 76%, up from 64% the previous year.





10
MILLION
masks produced
in our Meru plant,
France

**EMPLOYEE HEALTH & SAFETY
OUR NUMBER ONE PRIORITY**

From the beginning of the pandemic in China, Faurecia developed a **Safer Together** protocol to protect all its employees and enable the safe restart of production. This protocol, which was audited regularly to ensure compliance, involved the full range of measures necessary to avoid any contamination in our sites. The protocol was recognized by many local authorities as being best-in-class and was shared with suppliers and other partners to support them.

The Group moved quickly to become self-sufficient in mask production, with two sites producing surgical masks in Mexico and in France. This enabled additional masks to be provided to employees for their personal and family use, as well as to distribute in their local communities. This was often accompanied by educational and awareness initiatives to encourage adherence to safety protocols also in the family environment.

Given the difficult working conditions, the Group also renewed its emphasis on occupational safety, which is at the heart of the Faurecia Excellence System. The 7 Safety Fundamentals - a set of practical and simple rules to be respected by all employees - have been the subject of regular awareness-raising campaigns as part of the CARE (Compliance, Attitude, Risk Mitigation, Everyone's Engagement) Group program.

**RAPID SWITCH TO DIGITAL LEARNING
AND COMMUNICATION**

As lockdowns were imposed throughout the world, the Group reacted quickly and efficiently thanks to the digital transformation already underway in the workplace. Through the Group's Learning Lab, accessible to all employees including operators, over 50,000 people were trained on the new safety protocol before returning to work. A full program of training and communication was deployed during the lockdown to ensure that managers could adapt to managing remote teams and were up-to-date with the company's situation and priorities.

Traditional learning and communications events were also successfully switched online in order to maintain the Group's commitment to employee development and engagement. These include Faurecia University's traditional management training programs, as well as new offers such as mindfulness programs that were developed to support the very particular circumstances of the year. To ensure that all managers were fully aligned with the Group's priorities and outlooks, a series of nine "Live Events" were held to share leadership interviews and to answer questions from over 6,000 managers around the world.

76%
employee
engagement index,
up 12 points



**STRONG IMPROVEMENT
IN EMPLOYEE ENGAGEMENT**

The Group carried out a 100% online employee engagement survey to which a record 73,580 employees replied. Globally we saw a very strong improvement of +12 points from 2019 to 76%. This puts Faurecia above the global benchmark with scores in 90% of countries above the country benchmark and improving versus 2019. Particularly encouraging during this year of pandemic was the fact that the safety index was up 9 points to 87% and 87% of managers and professionals were confident in the Group's ability to recover from the crisis.



→ Committed to diversity and future generations



In 2020 Faurecia signed the UN Global Women's empowerment principles and is committed to promoting gender equality and women's empowerment in the workplace.

F aurecia is convinced diversity in the workforce regarding gender, place of origin, culture, educational background, experience or any other difference is a source of strength for the Group.

A particular focus is placed on gender diversity, which is included as a criterion in the Group's leadership long-term variable compensation. During the year a training program for unconscious bias was deployed and a strong emphasis was made on development plans for women. Two of Faurecia's senior managers were recognized by Automotive News during the year as leaders in the industry.

COMMITTED TO FUTURE GENERATIONS

Despite the crisis, as part of its contribution to supporting future generations, Faurecia committed to maintaining existing programs for apprentices, students and recent graduates.

Faurecia currently employs around 700 apprentices in France and is one of the main employers of the V.I.E. program (which allows recent graduates to work overseas for French companies for up to four years) with over 300 employees. In November Faurecia hosted its first fully digital recruitment fair with nearly 300 job offers open to students from over 60 universities in France and across Europe. Over 1,600 participants joined CV workshops and sessions hosted by employees from a range of divisions to find out more about the many career paths available in the automotive industry.

33%

The share of female managers & professionals recruited in 2020.



ZOOM

Top Employer & HappyIndex®/Trainees

● Faurecia once again received "Top Employer" certification for 9 countries and 1 region, recognizing the Group's continuous efforts to improve the working environment of its employees. The Group also received the "HappyIndex®/Trainees" certification which valorizes companies taking good care of the reception, support and management of their trainees, work-study trainees and V.I.E.

→ Positive impact on society

The Group aims to strengthen its commitment to local communities by initiating or contributing to projects and programs that address local needs. During the pandemic many sites chose to support their local communities through the donation of masks and other protective equipment.

The FUELS program continued to show strong success: in just 30 days, Faurecians from North America provided more than 748,700 meals, whilst in Augsburg, Germany, 60 employees volunteered at a local children's center. In China, Faurecia held its annual "Volunteer Month" where more than 1,000 employees from 20 sites and 11 cities joined the "Backpack-on-the-Go" activities with their families, winning 1,000 schoolbags for needy children. Sites were also active in raising funds and organizing donations campaigns for children living in remote areas.

CARING IN OUR COMMUNITIES

In 2020, the Group officially launched the **Faurecia Foundation**, supporting employee projects in their local communities in the fields of education, mobility and the environment. Through the Foundation, employees are invited to submit their ideas once a year for projects that have a concrete social impact.

In 2020, the Foundation selected three employee programs in Mexico, India and Morocco from over 300 initiatives submitted:

➤ Improving education for girls in India

Faurecia volunteers will support two girls' schools located in the Pune area with the provision of basic equipment ranging from books and pens to uniforms and bicycles, while contributing to the renovation of one of the schools' buildings.

➤ Bikes to school in Morocco

Children living in 15 remote villages around Azilal city will get 100 bikes, helmets and necessary equipment to go safely and autonomously to school every day.

➤ Reforestation in Mexico

This social business initiative supports reforestation in Puebla, Mexico while helping a children's charity get regular funding through the creation of a greenhouse of oaks on its unused land.

The Foundation supported three COVID-19 initiatives in local communities including the donation of masks and gowns to hospitals in Wuhan (China) and the donation of 100,000 masks to a hospital in Colmar (France) as well support for two French charitable initiatives.

Faurecia Foundation in 2020

MEXICO

100% self-sustainable business after 5 years

12,000 oaks to be planted every year

100% of the tree sales benefits will be redistributed to a children's charity

MOROCCO

100 bikes to be distributed to children

Children from **15** villages in Azilal region will benefit from the program

INDIA

400 girls getting support in their education

2 schools supported by the program

30 teachers involved in the program

COVID-19

€50k to the alliance "All United Against Coronavirus" to finance research (France)

€50k to the Simphon Fund to finance tablets for hospitals (France)

2,800 face-shields for Wuhan and Xiangyang hospitals (China)

13,500 protective suits



→ Total Customer Satisfaction driven by operational excellence

F aurecia's global approach to Total Customer Satisfaction is a key enabler of the Group's transformation and drives our operational excellence and resilience.

Faurecia's Total Customer Satisfaction approach aims at capturing a holistic picture of customer feedback, including both performance and perception across the whole value chain from innovation to after sales.

Beyond the traditional quality metrics, customer feedback is now collected immediately and transparently via a dedicated Customer Satisfaction digital application. This approach is now fully embedded in the relationship between Faurecia and its clients as well as an integral part of Faurecia's culture.

The app is now used by 1,000 customers and the Group has received to date almost 1,700 feedbacks giving an average of 4.2 stars for the year.

In order to maintain a strong focus on quality during the extremely rapid ramp-up and difficult conditions of the second half, the Group dedicated its 2020 World Quality Week to communications, learning and competitions across the globe to anchor Total Customer Satisfaction in all functions. Activities kicked off with a groupwide live event gathering over 1,300 attendees and closed with an internal challenge aiming at recognizing the best customer initiatives.

The Customer Satisfaction app has gathered almost 1,700 feedbacks from our clients.



→ Customer recognition awards and order intake demonstrate customer confidence

As a confirmed strategic partner of many of its major customers, Faurecia received 40 customer recognition awards in 2020 for global performance, manufacturing excellence, cost savings and innovation.

In particular, the Group was awarded a General Motors Supplier of the Year Award, a Ford World Excellence Award and a Cummins COVID-19 outstanding supplier award.

By the end of 2020, the Group's three-year rolling order intake represented €72 billion of sales: a new record for the Group despite the COVID-19 crisis. Key business awards won in 2020 demonstrate Faurecia's commercial momentum, such as Seating Division's successes with the Daimler E-Class and VW Transporter for complete seats. For premium interiors, Faurecia was

awarded the instrument panel businesses for the Audi Q5 and door panels for a GM platform covering different Chevrolet, Buick and Cadillac vehicles. Clean Mobility will equip the VW Audi D-segment platform as well as Stellantis C & D segment platforms. SAS Interior Modules won several major cockpit assembly awards for the Skoda Fabia and the Mercedes Vito. All Business Groups secured a strong intake of awards in North America, especially with GM. Faurecia Clarion Electronics achieved a record order intake of €2.5 billion in 2020. Faurecia also performed particularly well with Electric Vehicles and won Interiors, cockpit assembly and Seating businesses with a leading electric vehicle player in China, North America and Europe.

RESILIENT & STRONGER TOGETHER: WORKING CLOSELY WITH SUPPLIERS

"Convinced that a safe restart of production could only happen if the entire supply chain was ready, we held two web conferences with more than 1,000 suppliers. This was very much appreciated by our suppliers for our transparency in sharing production levels, measures to support supplier liquidity, and the "Safer Together" protocol put in place for the safety and protection of employees.

We have also been working with all our suppliers to assess resilience across the supply chain, identifying risks, including financial ones. We have developed a strong sense of solidarity in this common experience.

If anything, the crisis we are facing will strengthen our purchasing strategy and help accelerate its deployment especially for risk management, innovation and CSR. While sustainability was already key to Faurecia's purchasing strategy, our CO₂ Neutral and CSR objectives are more pertinent than ever before."



Nathalie Saint-Martin
Group Purchasing Vice-President

219

**PROGRAMS
LAUNCHED IN 2020**

23

COUNTRIES

145

PLANTS

REPRESENTING

€16BN

OF LIFETIME SALES



Mitsubishi Outlander



Hongqi H9



Ford F150



Mercedes S Class

→ Digital transformation across the Group for agility and efficiency



In 2017, Faurecia started its digital manufacturing transformation with the objective to boost its competitiveness and generate leading-edge performance. In nearly four years, this key digital transformation has generated more than 200 million euros of full year savings.

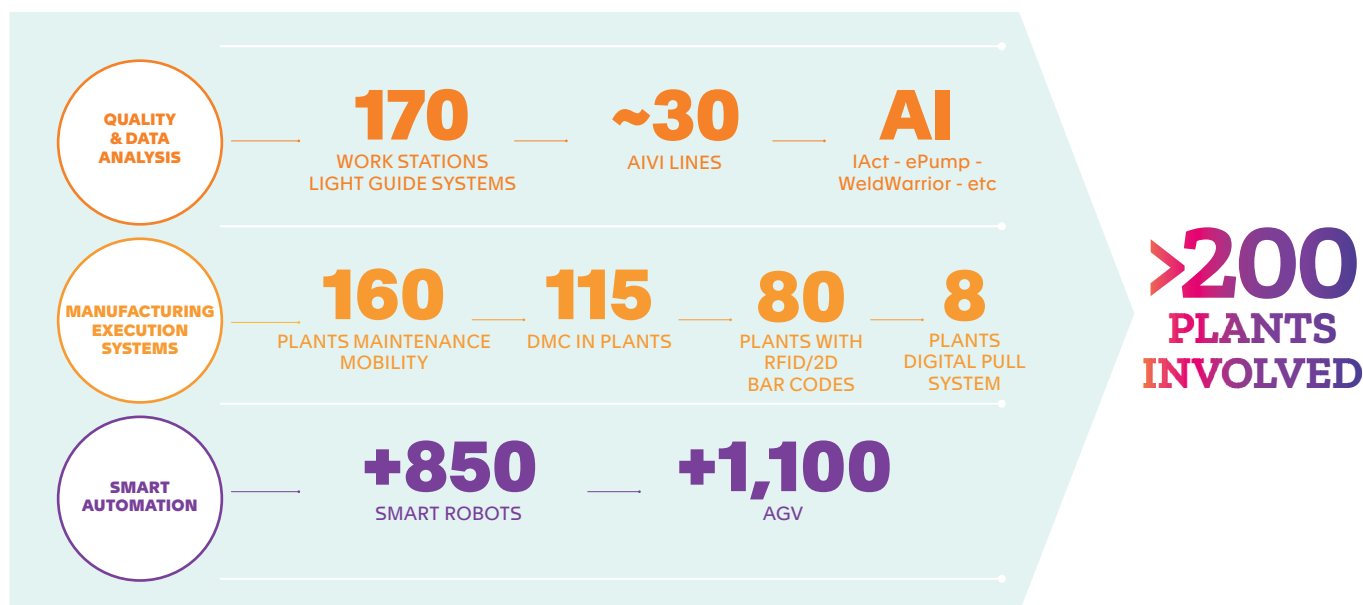
In combination with automation tools, the deployment of new digital solutions across production processes and the supply chain has led to a breakthrough in the assembly and handling of products. At the end of 2020, over 850 **smart robots** (collaborative robots, visual guided robots, etc.) and over 1,100 **self-handling devices** (AGVs or “Automated Guided Vehicles”) had been installed at Faurecia production sites. The **Digital Management Control tool** (DMC) has confirmed its significant potential in simplifying the collection and assessment of production data while making shop floors paperless. Fully operational in one plant out of four, DMC will be rapidly expanded in 2021. On a more global level, the digitalization of the manufacturing system has also moved a step further with the launch of a **Digital Pull System** (automatic production launch

signal) which reinforces the monitoring of plant operational performance.

TOWARDS THE FACTORY OF THE FUTURE

To maximize the value and potential of all these new digital solutions, Faurecia has formalized its “**One Digital Production System**” strategy, thus laying the foundations of its Factory of the Future. Through its “model plant” approach implemented in 2020, the Group has defined its digital manufacturing standards and toolbox which, once fully tested and validated in three pilot plants, will be rolled out across the industrial footprint in an agile mode. The objective is to have 100 digital model plants by 2023.

These new systems obviously require new job profiles. In 2021, 770 new positions will be created of which 550 will be filled from internal resources. The newly created Digital Academy will support the reskilling and upskilling via specific training modules focused on machine connectivity, robot programming, industrial software usage and data analysis.



→ Data and Artificial Intelligence to accelerate the digital transformation and enable new business models

“Faurecia’s digital transformation uses an Internet of Things (IoT) approach to optimize industrial efficiency and applies Artificial Intelligence to develop new solutions for the Cockpit of the Future. The development of large-scale data capture and analysis systems will further increase agility in plant management, improve predictive maintenance and drive improved efficiency in industrial processes. The Digital Services Factory, located in France and India, is developing Faurecia’s AI systems and deploying industrial solutions progressively across sites and different functions, as well as AI-powered solutions for the Cockpit of the Future. Initiated in 2017 with Accenture, Faurecia has now strengthened its in-house competencies, with more than 100 data specialists enabling the Group to reinforce its industry 4.0 strategy and its Cockpit of the Future digital product offer.”



Grégoire Ferré

Cockpit of the Future &
Digital Services Factory
Senior Vice-President

WELD WARRIOR FOR AI-IMPROVED QUALITY IN LASER WELDING

Using Artificial Intelligence for predictive maintenance ensures that non-compliant processes are detected more rapidly, strengthening response and repair times in case of machine breakdown. The **Weld Warrior** solution, which has been installed on over 40 laser welding machines in Seating sites worldwide, is a fully automated process inspection system that uses sensors to assess stability and alerts plant management to non-compliance. Economies of scale and richer and more effective data sets for Artificial Intelligence systems will be achieved by applying this technology on a larger scale across Faurecia’s sites.



ARTIFICIAL INTELLIGENCE FOR VISUAL INSPECTION



Using **Artificial Intelligence Visual Inspection (AIVI)** to automate visual inspection and improve quality, operators on production lines are notified of flaws and non-compliance in products at the micrometer level. Currently in use for the inspection of seat covers and decoration parts as well as component checks and welding in the Clean Mobility Business Group, the expansion of this application across more product lines will enable the Group to further its lean manufacturing strategy.

DIGITAL TECHNOLOGY TO SUPPORT WORKSTATION ERGONOMY

Artificial Intelligence-powered software is also used to identify the optimal balance between ergonomics and time efficiency thus helping optimize industrial processes and minimize the health risk to operators. Through **Ergonomy-Time Artificial Intelligence (ETAI)**, plant management can determine the most effective and

efficient processes at a workstation or across an assembly line, supported by automated data collection from Kaizen workshops. The KIMEA software developed by Mooveny (a startup acquired by the Group in 2020) offers real-time 3D skeleton tracking to improve operators’ posture and movements at their workstations and help reduce the onset of musculoskeletal issues over time.



AI FOR THE COCKPIT OF THE FUTURE

The Group is also developing **AI-based solutions** for the connected, predictive and personalized Cockpit of the Future. Occupant monitoring and dynamic profiling systems support a range of features, including safety solutions (drowsiness detection), personalized and predictive comfort, well-being and infotainment, and driver assistance systems. These all rely on powerful data capture and analysis to understand vehicle occupants use cases and trigger the appropriate and personalized responses from integrated hardware and software.



Strong Governance & Risk Management



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

→ Message from Michel de Rosen, Chairman of the Board

Thank you! On behalf of the Board of Directors, I thank Faurecia's management and employees for their unfailing commitment during this extremely difficult year.

Faurecia and its management team reacted at the first signs of the crisis, implementing a series of measures to protect employees, ensure the Group's liquidity and, during the second half of the year, manage a very rapid ramp-up of production while remaining vigilant to the evolution of the pandemic.

The Board of Directors actively supported management during this period. We significantly increased the number of meetings held.

We paid specific attention to the initiatives focused on the health of all employees and to the impact of COVID-19 on the Group's financial performance, and reviewed crisis management processes. We are all proud of the way Faurecia is dealing with the crisis with determination, agility and confidence in the future.

Despite the situation, Faurecia continued to deploy its business and transformation strategy. The acquisition of SAS Interiors Modules, the turnaround of Faurecia Clarion Electronics, and our hydrogen and CO₂ neutrality initiatives are excellent examples of a resolute, well thought-out and well-implemented strategy. This strategy is fully supported by the Board. We particularly appreciated learning more about the Clarion Electronics product lines during a technology session held at its Paris R&D center.

The Annual Shareholders' Meeting, which regrettably had to be a virtual event, renewed the Board membership of Odile Desforges, Linda Hasenfratz and Olivia Larmaraud for a further period of four years. My term as Chairman of the Board was also renewed for the same duration.



As we enter 2021, Faurecia looks forward to an important stage in its development as it becomes independent from its main shareholder, Stellantis. This will give the Group more visibility on capital markets and an increased free float, as well as a renewed Board of Directors. I warmly thank the PSA Group for its continuous and solid support throughout the years. I also thank Olivia Larmaraud, Grégoire Olivier and Philippe de Rovira, who resigned at the beginning of 2021 from their functions as Board Members. They served Faurecia well.

At its meeting in February 2021, the Board co-opted Jean-Bernard Lévy as Board Member and Chairman of the Governance, Nominations and Sustainability Committee. With this appointment, we now have a much more independent Board. Faurecia's independence is a normal and positive development and will allow the Group to affirm its strategy.

The Board of Directors lends its full support to the Chief Executive Officer, the Executive Committee and all of the Faurecia teams. I thank the members of the Board, our shareholders, the management teams and the employees of Faurecia for their strong commitment and successful performance in 2020. Let's make 2021 a great year for Faurecia's customers, shareholders and employees!

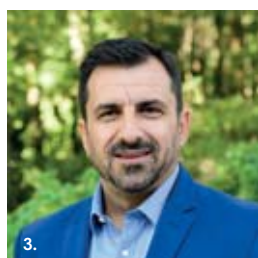
→ An active and committed Board of Directors

The Board of Directors oversees Faurecia's business, financial and economic strategies. This 13-member body at date of the document, including 9 independent Board members and 2 Board members representing employees, meets at least four times a year.

Three permanent Committees are tasked with the preparation of discussions on specific topics: the Audit Committee, the Governance, Nominations and Sustainability Committee and the Compensation Committee.

They make proposals and recommendations and give advice in their fields of expertise.

13
BOARD MEMBERS



1. **Michel DE ROSEN**
Chairman of the Board
End of mandate - 2024 AGM
●●
2. **Patrick KOLLER**
Chief Executive Officer
End of mandate - 2021 AGM
●●
3. **Daniel BERNARDINO**
Faurecia employee
End of mandate - 31 Oct. 2021
●
4. **Odile DESFORGES**
Boards member
End of mandate - 2024 AGM
●●
5. **Linda HASENFRATZ**
Chief Executive Officer,
Linamar Corporation
End of mandate - 2024 AGM
●●
6. **Penelope HERSCHER**
Chair/Boards member
End of mandate - 2021 AGM
●●
7. **Valérie LANDON**
Vice Chairman Investment
Banking & Capital
Markets Credit Suisse
End of mandate - 2021 AGM
●●
8. **Jean-Bernard LÉVY**
Chairman & Chief
Executive Officer of EDF
End of mandate - 2024 AGM
●●
9. **Yan MEI**
Senior Partner,
Chair of China -
Brunswick group (China)
End of mandate - 2023 AGM
●
10. **Denis MERCIER**
Deputy Chief Executive
Officer of Fives Group
End of mandate - 2023 AGM
●●
11. **Peter MERTENS**
Boards member
End of mandate - 2023 AGM
●●
12. **Robert PEUGEOT**
Chairman
of the board of FFP
End of mandate - 2021 AGM
●
13. **Emmanuel POCHE**
Faurecia employee
End of mandate -
31 Oct. 2021
●

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

THE BOARD COMMITTEE

7

NATIONALITIES

46%

FEMALE BOARD MEMBERS⁽¹⁾

62

YEARS AND 2 MONTHS AVERAGE AGE

82%

INDEPENDENT BOARD MEMBERS⁽¹⁾

2

BOARD MEMBERS REPRESENTING EMPLOYEES

4

YEARS AND 4 MONTHS AVERAGE TENURE

10

BOARD MEETINGS⁽²⁾
+ 1 MEETING WITH INDEPENDENT MEMBERS ONLY

98%

ATTENDANCE RATE AT BOARD MEETINGS⁽²⁾

THE COMMITTEES

17

COMMITTEE MEETINGS (INCLUDING 2 MEETINGS OF THE AD HOC COMMITTEE)⁽²⁾

99%

ATTENDANCE RATE AT COMMITTEE MEETINGS⁽²⁾

Audit Committee

3 members
Chair: Odile Desforges

Governance, Nomination and Sustainability Committee

4 members
Chair: Jean-Bernard Lévy

Compensation Committee

4 members
Chair: Linda Hasenfratz

EXPERTISE AT THE SERVICE OF STRATEGY

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



Experience in Faurecia's core businesses



Automotive technologies



International experience



Banking/ Finance



Risk management



Experience in an industrial company



CSR



Data based technologies/ digital



Governance/ Management of large companies



Specific knowledge of a geographic market



Leadership & crisis management



Energy/ Electrification

(1) Excluding employee representatives.
(2) Figures for full year 2020.

→ A diverse and international Executive Committee

Faurecia's executive functions are performed by an Executive Committee that meets at least once a month to review the Group's results and oversee 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 CEO and the 13 Executive Vice Presidents of the Group's international Business Groups and support functions.



A. Yann Brillat-Savarin
Executive Vice President,
Group Strategy

B. Nolwenn Delaunay
Executive Vice President,
Group General Counsel
and Board Secretary

C. Michel Favre
Executive Vice President,
Group Chief Financial
Officer

D. Patrick Koller
Chief Executive Officer

E. Jean-Paul Michel
Executive Vice President,
Faurecia Clarion Electronics

F. Mathias Miedreich
Executive Vice President,
Faurecia Clean Mobility



50%

NON
FRENCH

14%

FEMALE

54

YEARS
AVERAGE AGE

12

YEARS AVERAGE
GROUP SENIORITY

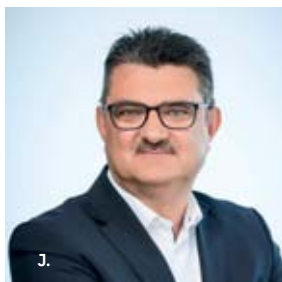
6

BUSINESS
AND REGION EVPS

7

SUPPORT
FUNCTIONS EVPS

Governance



G. Thorsten Muschal
Executive Vice President,
Sales and Program
Management

I. Patrick Popp
Executive Vice President,
Faurecia Interiors

H. Kate Philipps
Executive Vice President,
Group Communications

J. Christophe Schmitt
Executive Vice President,
Group Operations & North
America

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

M. François Tardif
Executive Vice President,
Faurecia China

L. Eelco Spoelder
Executive Vice President,
Faurecia Seating

N. Hagen Wiesner
Executive Vice President,
SAS Interior Modules



Compensation of the Chief Executive Officer & the Group's Operational Management

| | ANNUAL FIXED COMPENSATION | ANNUAL SHORT TERM COMPENSATION (at target) | LONG TERM VARIABLE COMPENSATION (Performance shares) |
|---|---|--|--|
| CEO | Results / performance and transformation of the Group | 80% Quantitative criteria (financial) 20% Qualitative criteria (individual) (including deployment of CO ₂ neutrality and gender diversity projects for the CEO) | Submitted to presence and performance conditions: • Internal conditions net income • Internal condition gender diversity • External condition EPS |
| Top 100 (Excom + 1st line BG) | | | |

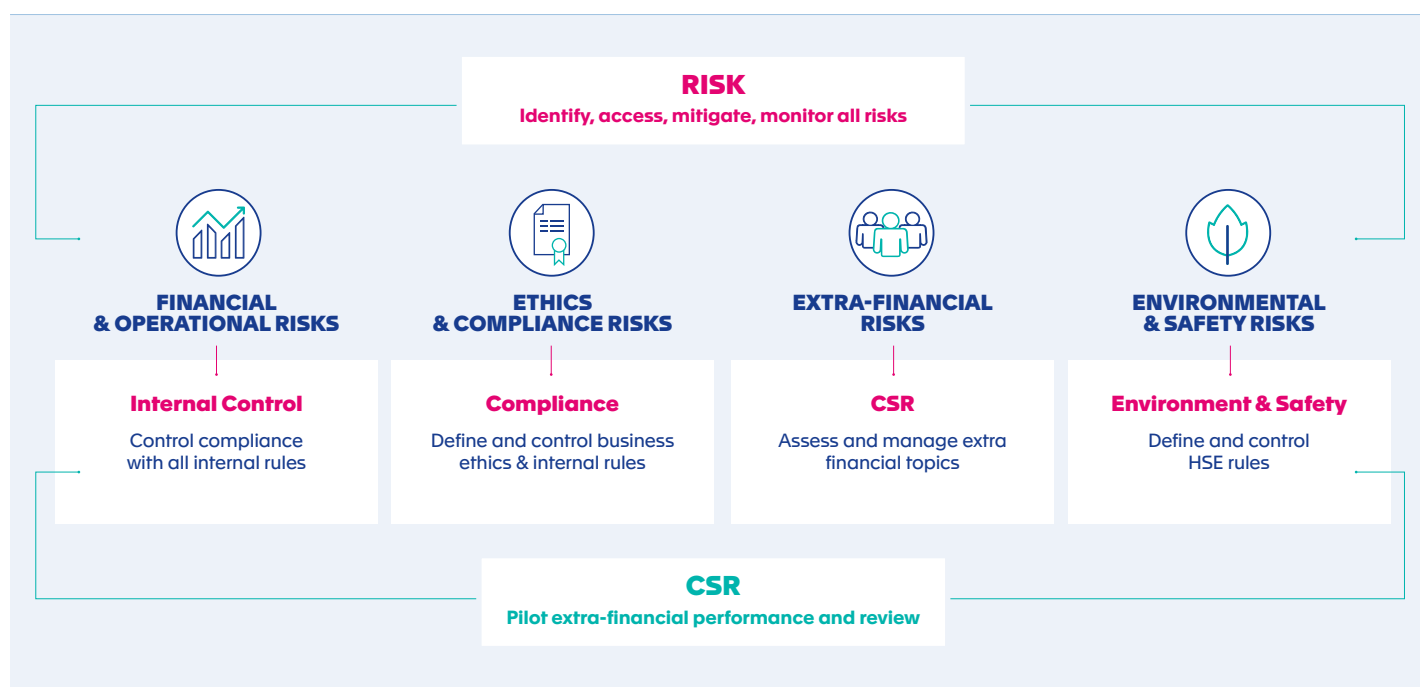
→ An efficient risk management system

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

A SHARED GROUP-WIDE APPROACH TO RISK MANAGEMENT

Most Faurecia functions and governance structures are involved in the support of Faurecia's evolving business model through risk management. The Executive Committee, 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.



The Board of Directors and its Audit Committee conduct continuous oversight of the process. The Group's internal control and audit organization, as well as external contributors, provide their specific expertise, from operational processes to auditing.

• BOARD OF DIRECTORS

Board of Directors

Yearly review of Risk Management process and top risks

Audit Committee

Yearly presentation of Risk Management process and top risks

Quarterly review of a specific Tier-1 risk

• MANAGEMENT

Executive Committee

Monthly Committee with ad hoc review on specific risks

Risk Committee

Quarterly Committee with review of Tier-1 and Tier-2 risks

Other Committees

(CSR, Internal Control, Compliance)

On a regular basis to review relevant risks



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

CATEGORY

RISKS

Operational and industrial risks

- Continuity and security of information systems
- Climate Transition **CSR**
- Risk associated with the automotive supplier business
- External growth
- Program management
- Product safety and quality **CSR**
- Pandemic
- Industrial site loss
- Supplier failure
- Safety at work **CSR**
- Sites' environmental impact and climate change **CSR**
- Talent acquisition and retention **CSR**

Financial risks

- Liquidity risk
- Interest rate risk
- Currency risk
- Risk related to raw materials
- Customer credit risk

Legal, regulatory and reputational risks

- Regulatory development
- Litigation
- Responsible purchasing policy **CSR**
- Intellectual property
- Business ethics **CSR**

→ **CSR** Extra-financial risk



See Chapters 2 Risk factor and management and 4 Extra-financial performance of the 2020 Universal Registration Document.

→ Strong values for ethics and strict respect for compliance

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

Faurecia's leaders are committed to driving a culture of integrity everywhere the Group operates, supported by robust compliance processes. That culture is embodied in Faurecia's Code of Ethics, allowing the Group to create value for all its stakeholders. 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 and aims to develop accountability and employee empowerment.

In order to maintain a strong ethics and compliance culture, Group compliance implemented different training sessions accessible to all Faurecians (including part-time employees, interns, consultants etc.). These trainings are Faurecia specific and include the risks that may face targeted population.

The Group has an anti-corruption Code of Conduct and a best practices guide concerning anti-competitive practices.

These rules cover the following subjects: policy on gifts and hospitality; donations and sponsorships; managing conflicts of interest; the "golden rules" of competition law.

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

Faurecia communicates regularly on its ethics culture and related rules to make sure all its business partners know the rules and are committed to respecting high standards of ethics and compliance in order to support the Group to carry out its business activities across the value chain.

GOVERNANCE

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

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

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



SPEAK UP

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

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

Group Compliance widely communicates about the Speak Up process through internal communications, procedures and different trainings to help the Compliance team ensure the effectiveness of the Speak Up process. All alerts are received only by the Chief Compliance Officer and the Group General Counsel. They ensure, with the Regional Compliance officers, the legal protection of the whistleblower when needed. Faurecia's alert system is accessible to any individuals or entities (Faurecian and external third parties) who want to raise a concern.

CULTURE

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

- Fundamentals for Total Customer Satisfaction
- Consistent with Faurecia's Convictions



SPEAK UP

Speak Up link
www.faurecia.ethicspoint.com



DISCIPLINE

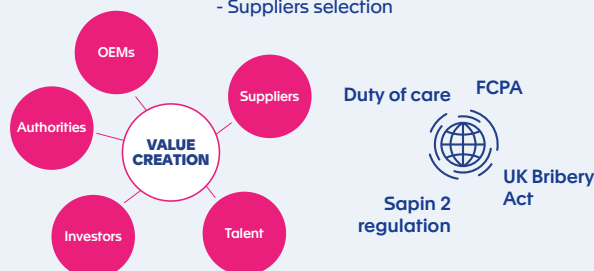
Set of rules to protect the business

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



WORKING IN & FOR A SUSTAINABLE BUSINESS

- Anti-trust prevention
- Corruption prevention
- Intellectual property protection
 - Export controls
 - Conflict minerals
- Accounting rules protection
- Conflict of interest management
 - Fraud prevention
- Human rights protection
- Suppliers selection



1

Financial and accounting information

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

1.1.1. Events of the financial year

1.1.1.1. Covid-19

The year 2020 has been strongly impacted by the globalization of the Covid-19 pandemic that heavily impacted the automotive industry and all sectors of the economy, especially during the first semester, where, as a consequence of the temporary shutdown of most of its customers' production sites around the globe, Faurecia also had to stop production in a large number of its sites during this period. The gradual recovery of the activity depending on the geographical areas before the end of the first semester has then continued during the second semester.

In line with the rapid expansion of the pandemic in the different parts of the world during the first quarter of 2020, Asia (24% of Group sales in 2020) has been the first region to be impacted with a low point for sales in February and a gradual recovery as from March. Since May, Faurecia's sales in China are above last year's levels. Two months later, Europe and the Americas (75% of Group sales) faced a low point for sales in April, with gradual recovery as from May.

In the light of this unprecedented situation, Faurecia immediately implemented from March 2020 a strong action plan to react to the crisis with three priorities:

- the first priority was the health and safety of all employees as well as the creation of the right conditions for a safe restart of production ("safer together program"), learning from the successful experience in China;
- the second priority was the close management of the Group's liquidity and the protection of a sound financial structure. To this end, quick measures were implemented during the first half year 2020, ensuring the liquidity to face the production drop. Faurecia has then drawn €600 million out of its €1.2 billion Syndicated Credit Facility, signed and drawn a new Club Deal of €800 million and extended its factoring program to the newly integrated SAS business. The debt has then been restructured beginning of the second half 2020, through the additional issue of 2025 bonds and the issue of 2028 bonds for a total of € 1,000 million, on July 31, 2020, enabling the repayment of the € 800 million loan, as well as later on the repayment of the drawn part of the syndicated credit facility. In addition, the Board of Directors took the decision, approved by shareholders at the June 26, 2020 Annual General Meeting, to cancel the 2020 dividend;

- the third priority was to deploy quick actions to further improve the Group's resilience, on top of the continuous improvement since mid-2018, in order to limit the impact of the sharp sales drop on operating income.

From September 2020, the activity of the group has come back to the level of last year, especially in Europe and North America, with a sales growth in China, the fourth quarter 2020 sales being only below by 0.3% vs previous year. In 2020, Group sales dropped by 19.6% mainly due to the first half of the year (which dropped by -35.4% vs the first half year 2019).

As a result of this efficient action plan, Faurecia contained the drop in operating income to €877 million vs. a drop in sales of € 3,114 million. Through resilience actions such as flexibilization of direct and indirect labor cost, flexibilization of manufacturing costs, reduction of R&D net expenses and strict control of SG&A, Faurecia generated €601 million savings that mitigated the €1.4 billion impact estimated from lower sales volume on operating income. Operating income stood at €406 million in 2020 including €65 million one offs of which €30 million Covid-related mainly linked to the sanitary protection measures, the temporarily administrative closure of an industrial site and the extra freight costs linked to supply chain disruptions, and €35 million linked to Chinese OEMs.

The quick recovery of the activity during the second half year has enabled to restore the working capital and decrease the net financial debt by €906 million vs June 30, 2020. As of December 31, 2020, the net financial debt reached €3,128.1 million (gross debt of €6,222.1 million and the cash and cash equivalents of € 3,091.4 million).

The impairment test conducted as of December 31, 2020 integrated updated market assumptions including the Covid-19 impact. The test has not led to any additional impairment to the €150 million for Clarion Electronics stated as of June 30, 2020 while no impairment was required for Seating, Interiors and Clean Mobility.

1.1.1.2 Other main events

January 2020

- During the CES Las Vegas 2020, Faurecia signed a cooperation framework agreement with Beijing Horizon Robotics, a pioneer in edge computing and Artificial Intelligence. This strategic partnership focuses on co-developing multi-modal perception AI solutions, and accelerating the commercialization of intelligent cockpit systems and Advanced Driver Assistance Systems (ADAS) for the Chinese market.
- Faurecia announced that it has completed the acquisition of the remaining 50% of SAS from Continental, a project that was announced on October 14, 2019. SAS is a key player in complex interior module assembly and logistics with sales of around €740 million in 2019 and employing around 4,490 people. On January, 30 2020, SAS entered the Group perimeter and is now consolidated in the Interiors operating segment.

April 2020

- Faurecia announced a new joint venture with Changchun Xuyang Industry (group) Co., Ltd (Xuyang group), which marks another key milestone in the strategic cooperation between Faurecia and Xuyang group.

Faurecia and Xuyang group will be engaged in the production, assembly and sales of automotive display products, as well as relevant after-sales services for OEMs. The joint venture will be consolidated by Faurecia.

In recent years, Faurecia has accelerated its strategic transformation in particular through the creation of its fourth Business Group, Faurecia Clarion Electronics, which has the ambition to become a global leader in cockpit electronics. This latest partnership will strengthen its position in the automotive market in China.

Founded in 1999 and headquartered in Changchun, Xuyang group has become one of the leading manufacturing companies in Jilin province with four core business units: intelligent cockpit, intelligent manufacturing, high-end equipment and new energy. In 2001 Faurecia and Xuyang group started working together and over the past years have deepened their strategic cooperation by jointly setting up twelve plants for seating and interiors in Changchun, Tianjin, Foshan, Chongqing and Chengdu.

May 2020

- Faurecia announced that it has selected Schneider Electric as a preferred partner to support the Group in its commitment to reach CO₂ neutrality or scopes 1 and 2 by 2025. Schneider Electric, the leader in digital transformation of energy management and automation, will accompany Faurecia in this first stage of its CO₂ Neutral mission which involves decarbonizing its operations.

A significant part of greenhouse gas emissions in Faurecia's operations are direct emissions from controlled facilities and indirect emissions from energy procured (scopes 1 and 2 respectively). The first stage of the program will include both purchasing energy produced with low-carbon fuels or from renewable sources, and reducing energy used by adopting innovative digital solutions for efficiency and heat recovery in all of Faurecia's 300 locations around the world.

In addition to this first milestone of CO₂ neutrality in scopes 1 and 2 in 2025, the Group is also targeting CO₂ neutrality in controlled emissions in 2030 (scopes 1, 2 and most of scope 3, excluding emissions of vehicles equipped with Faurecia parts) and CO₂ full neutrality in all scopes by 2050.

June 2020

- Faurecia announced its investment in Mooveny, a French start-up specializing in 3D skeleton tracking, to reinforce risk assessment and workplace health in its industrial sites.

Mooveny, founded in 2018 and based in Rennes, offers real-time 3D skeleton tracking technology with uses in industrial settings and possible applications in improving productivity and preventing Muscular Skeleton Disorders. Mooveny's KIMEA technology enables Faurecia to carry out rapid and accurate ergonomic risk assessments, improving operators' posture and movements at their workstations and helping reduce the onset of musculoskeletal issues over time.

- Starting from July 2020, the Faurecia Aptoide Automotive joint venture will provide VW Latin America customers an unprecedented connected user experience which will be known as "VW Play". Hundreds of apps covering a variety of uses and needs such as navigation, music on demand, video streaming, point of interest recommendations, audiobooks, gaming, weather, fuel and parking location will be available through an intuitive and personalized HMI.

Secure connection to the Aptoide platform will also allow automatic updating and enrichment of the available functions. The VW Play app ecosystem is carefully curated to offer a consistent and relevant digital experience in every region. It also offers an integrated and secure mechanism for pay-as-you-go services, enabling new business models with third parties while ensuring the vehicle and occupants' data privacy.

July 2020

- Faurecia announced the acquisition of the Canadian start-up IRYSStec Software. IRYSStec has developed the world's first software platform using perception and physiology to optimize the user experience of display systems. This full software solution enables the personalization of the display according to the driver's vision and the ambient light giving a safer and more comfortable user experience at a lower cost. This technology, which is adaptable to all types and sizes of display, gives up to 30% better perceived brightness and contrast as well as up to 30% energy efficiency savings and reduced thermal heating.
- Faurecia and BAIC, one of China's largest automotive manufacturers, announced the establishment of a new 50-50 joint venture in China. This partnership will be created through Faurecia's purchase of the 50% shareholding of Beijing BAI DAS Automotive System Co., Ltd. from DAS Corporation. The transaction will be completed once regulatory approvals are obtained in China.

The new joint venture between BAIC and Faurecia will provide complete seat assembly, seat frames, foams and headrests initially for BAIC Hyundai and BAIC-owned brands. Headquartered in Beijing, the joint venture has 500 employees and four plants in Beijing, Chongqing, Huanghua and Xiangtan.

- Faurecia successfully priced €700 million of 3.75% senior notes due 2028 and an additional €300 million of 2.625% senior notes due 2025. Faurecia priced the 2028 Notes at 3.75%, and the New 2025 Notes at 97.50% of par, or a yield of [3.18]%. The issuance of the 2028 Notes and New 2025 Notes is intended to refinance in full the €800 million club deal loan entered into on April 10, 2020. The excess cash remaining will be used for general corporate purposes.

October 2020

- Faurecia inaugurated its global center of expertise for hydrogen storage. Located in Bavans, France, and representing a Total investment of €25 million, this center of expertise aims to develop lightweight and cost-competitive hydrogen storage systems to accelerate hydrogen mobility.

Faurecia has already started to manufacture hydrogen storage systems for heavy duty trucks and light commercial vehicle fleets for several international OEMs. The Group currently has the ability to produce several thousands of hydrogen storage systems per year and aims to ramp up its production capacity. In addition to the hydrogen storage systems that Faurecia manufactures, the Group has created Symbio, a joint venture with Michelin, dedicated to the development and production of fuel cell stacks. Faurecia's ambition is to become a leader on both fuel cell stacks and hydrogen storage systems in a market that will represent almost €20 billion by 2030.

- Faurecia and Gaussin announced a partnership to equip a fleet of Gaussin's logistics and port vehicles with Faurecia's hydrogen storage systems. Containing 5 kg of hydrogen at 350 bars and with up to 12 hours of autonomy, the storage systems will be developed and produced by Faurecia at its global center of expertise in Bavans dedicated to hydrogen tanks.
- On October 28, 2020, the boards of Peugeot SA and FCA have approved the sale by Peugeot SA of approximately 7% of Faurecia's paid capital prior to the completion of the merger. The sale of 9 663 000 Faurecia shares, representing around 7% share of Faurecia paid in capital has taken place by Peugeot SA on October 29, 2020. In addition to this sale, commitments on Faurecia governance have been taken by Peugeot SA and FCA to ensure that Stellantis will not acquire control of Faurecia, in line with the initial merger agreement.

November 2020

- Faurecia announced that its greenhouse gas emissions reduction targets have been approved by the Science Based Targets initiative (SBTi).

This major step occurs one year after Faurecia launched its CO2 Neutral program which will be deployed in three stages. Faurecia will be CO2 neutral for its internal emissions by 2025 (scopes 1 & 2). To achieve this goal, the Group will equip all its 300 sites globally with efficient systems to reduce energy consumption by over 15% and will use decarbonated energy produced both on and off-site. By 2030, Faurecia will converge towards neutrality for its controlled emissions (scope 3 excluding emissions of vehicles equipped with Faurecia products) and will reach a net zero for its Total emissions by 2050.

December 2020

- Groupe Renault and Faurecia Clarion Electronics launched a partnership for multi-brand electronic repairs.

January 2021

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

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

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

After these resignations and the co-option of Jean-Bernard Lévy as an independant Board member on February 19, 2021, the Board of Directors of Faurecia is comprised of 13 Board members of whom 82% are independent (excluding the two Board members representing employees).

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

The distribution of the Faurecia shares will be completed shortly after the Stellantis shareholders' approval which General Meeting is expected on March 8, 2021. This distribution will increase the free float and market visibility, the Group will continue to deploy its strategy focused on

technologies for the Cockpit of the Future and Sustainable Mobility as an independant company. At its Capital Markets Day held on February 22, 2021, Faurecia outlined its mid-term perspectives and strategy.

- On January 20, 2021, Faurecia priced an additional €190 million of 2.375% senior notes due 2027 through a private placement. Faurecia priced the New Notes at 100.75% of par, or a yield of 2.25%.

The proceeds of the issuance of the New Notes will be used for general corporate purposes.

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

1.1.2. Automotive production

Worldwide automotive production was heavily impacted by the Covid-19 crisis. It decreased by 17.2% from 2019 to 2020. It decreased in all regions. Production decreased in Europe (including Russia) by 21.6%, in North America by 20.2%, in South America by 31.4% and in Asia by 13.0% (of which a decrease of 6.9% in China).

the data related to automotive production and volume evolution in 2020 is based on IHS Markit Automotive report dated February 2021.

Volumes (evolution from 2019 to 2020) - source IHS Markit February 2021

| | Q1 | Q2 | H1 | Q3 | Q4 | H2 | FY |
|-------------------|---------------|---------------|---------------|--------------|-------------|--------------|---------------|
| Europe | -17.2% | -59.9% | -38.4% | -6.6% | 1.5% | -2.3% | -21.6% |
| North America | -10.7% | -67.6% | -39.2% | 0.4% | 0.4% | 0.4% | -20.2% |
| South America | -17.1% | -81.8% | -51.0% | -21.7% | 0.4% | -11.4% | -31.4% |
| Asia | -29.3% | -26.3% | -27.9% | -2.4% | 4.7% | 1.3% | -13.0% |
| China | -48.0% | 6.0% | -22.3% | 7.7% | 5.6% | 6.5% | -6.9% |
| Rest of the world | -8.1% | -38.3% | -22.7% | -3.7% | 0.6% | -1.5% | -12.2% |
| TOTAL | -21.7% | -45.9% | -33.6% | -3.7% | 2.9% | -0.3% | -17.2% |

1.1.3 Sales

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

- a "Currency effect", calculated by applying average currency rates for the period to the sales of the prior year;
- a "Scope effect" (acquisition/divestment);
- a "Growth at constant currencies".

As "Scope effect", Faurecia presents all acquisitions/divestments, whose sales on an annual basis amount to more than €250 million. Other acquisitions below this threshold are considered as "bolt-on acquisitions" and are included in "Growth at constant currencies".

In 2020, there was no effect from "bolt-on acquisitions"; as a result, "Growth at constant currencies" is equivalent to sales growth at constant scope and currencies also presented as organic growth.

| (in € millions) | H2 2020 | Currencies | Scope Effect * | At constant scope & currencies | H2 2019 |
|--|----------------|----------------|----------------|--------------------------------|----------------|
| Product Sales | 7,977.9 | (308.8) | 327.8 | (181.1) | 8,140.1 |
| Var. in % | -2.0% | -3.8% | 4.0% | -2.2% | |
| Tooling, Prototypes and Other Services | 506.2 | (20.8) | (3.6) | (125.8) | 656.2 |
| Var. in % | -22.9% | -3.2% | -0.5% | -19.2% | |
| SALES | 8,484.1 | (329.6) | 324.2 | (306.9) | 8,796.3 |
| VAR. IN % | -3.5% | -3.7% | 3.7% | -3.5% | |

* Scope effect includes SAS sales from July to December.

* Scope effect includes a negative effect of Clarion sales of June. Clarion Sales were consolidated for 7 months in H2 2019.

| (in € millions) | FY 2020 | Currencies | Scope Effect * | At constant scope & currencies | FY 2019 |
|--|-----------------|----------------|----------------|--------------------------------|-----------------|
| Product Sales | 13,630.5 | (348.2) | 733.1 | (3,267.1) | 16,512.7 |
| Var. in % | -17.5% | -2.1% | 4.4% | -19.8% | |
| Tooling, Prototypes and Other Services | 1,023.3 | (24.5) | 8.2 | (216.0) | 1,255.6 |
| Var. in % | -18.5% | -1.9% | 0.7% | -17.2% | |
| SALES | 14,653.8 | (372.7) | 741.3 | (3,483.1) | 17,768.3 |
| VAR. IN % | -17.5% | -2.1% | 4.2% | -19.6% | |

* Scope effect includes SAS sales from February to December.

* Scope effect includes Clarion sales of January to March. Clarion Sales were consolidated starting from April 2019.

Sales of products (parts, components and R&D sold to manufacturers) totaled €13,630.5 million in 2020 compared to €16,512.7 million in 2019. This represents a decrease of 17.5% on a reported basis and 19.8% at constant scope & currencies.

Sales of tooling, prototypes and other services totaled €1,023.3 million in 2020 compared to €1,255.6 million in 2019. This

represents a decrease of 18.5% on a reported basis and 17.2% at constant scope & currencies.

Sales totaled €14,653.8 million in 2020 compared to €17,768.3 million in 2019. This represents a decrease of 17.5% on a reported basis and 19.6% at constant scope & currencies.

1.1.3.1. By region

| (in € millions) | H2 2020 | Scope Effect * | H2 2019 | Reported | At constant scope & currencies | Automotive Production |
|-------------------|----------------|----------------|----------------|--------------|--------------------------------|-----------------------|
| SALES | | | | | | |
| Europe | 3,944.5 | 202.9 | 4,110.6 | -4.0% | -7.5% | -2.3% |
| North America | 2,157.0 | 105.5 | 2,194.5 | -1.7% | -1.8% | 0.4% |
| Asia | 2,057.7 | 9.9 | 2,049.8 | 0.4% | 2.8% | 1.3% |
| O/w China | 1,539.1 | 30.4 | 1,386.6 | 11.0% | 11.2% | 6.5% |
| South America | 241.7 | 5.9 | 351.6 | -31.3% | -6.8% | -11.4% |
| Rest of the world | 83.2 | | 89.8 | -7.3% | 8.4% | -1.5% |
| TOTAL | 8,484.1 | 324.2 | 8,796.3 | -3.5% | -3.5% | -0.3% |

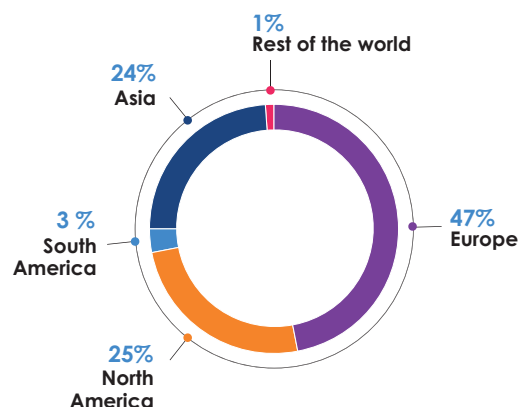
* Scope effect includes SAS sales from July to December.

* Scope effect includes a negative effect of Clarion sales of June. Clarion Sales were consolidated for 7 months in H2 2019.

| (in € millions) | FY 2020 | Scope Effect * | FY 2019 | Reported | At constant scope & currencies | Automotive Production |
|-------------------|-----------------|----------------|-----------------|---------------|--------------------------------|-----------------------|
| SALES | | | | | | |
| Europe | 6,971.7 | 345.2 | 8,641.4 | -19.3% | -22.5% | -21.6% |
| North America | 3,631.5 | 211.0 | 4,483.4 | -19.0% | -22.2% | -20.2% |
| Asia | 3,528.1 | 175.1 | 3,766.0 | -6.3% | -9.1% | -13.0% |
| O/w China | 2,562.7 | 73.7 | 2,594.6 | -1.2% | -2.4% | -6.9% |
| South America | 398.2 | 10.0 | 696.4 | -42.8% | -24.2% | -31.4% |
| Rest of the world | 124.3 | | 181.1 | -31.4% | -20.4% | -12.2% |
| TOTAL | 14,653.8 | 741.3 | 17,768.3 | -17.5% | -19.6% | -17.2% |

* Scope effect includes SAS sales from February to December.

* Scope effect includes Clarion sales of January to March. Clarion Sales were consolidated starting from April 2019.



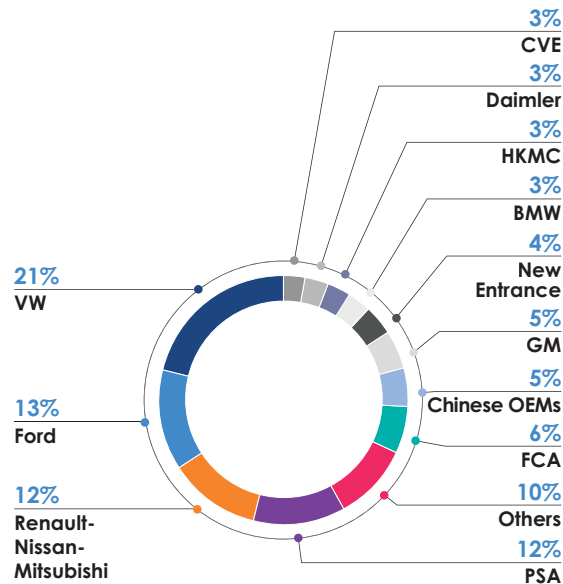
Sales by region in 2020 were as follows:

- in Europe, sales totaled €6,971.7 million (47% of total sales), compared to €8,641.4 million in 2019. This represents a decrease of 19.3% on a reported basis and a 22.5% at constant scope & currencies. This is to be compared to a 21.6% downturn in production market in Europe;

- in North America, sales totaled €3,631.5 million (25% of total sales), compared to €4,483.4 million in 2019. This represents a decrease of 19.0% on a reported basis and a 22.2% at constant scope & currencies. This is to be compared to a 20.2% downturn in production market in North America;

- in Asia, sales totaled €3,528.1 million (24% of total sales), compared to €3,766.0 million in 2019. This represents a decrease of 6.3% on a reported basis and a 9.1% at constant scope & currencies. This is to be compared to a 13.0% downturn in production market in Asia. In China, sales totaled €2,562.7 million compared to €2,594.6 million in 2019. This represents a decrease of 1.2% on a reported basis and a 2.4% at constant scope & currencies. This is to be compared to a 6.9% downturn in production market in China;
- in South America, sales totaled €398.2 million (3% of total sales), compared to €696.4 million in 2019. This represents a decrease of 42.8% on a reported basis and a 24.2% at constant scope & currencies. This is to be compared to a 31.4% downturn in production market in South America;
- in the rest of the world (mainly South Africa), sales totaled €124.3 million (1% of Total sales), compared to €181.1 million in 2019. This represents a decrease of 31.4% on a reported basis and a 20.4% at constant scope & currencies. This is to be compared to a 12.2% downturn in production market in the rest of the world;
- Worldwide sales totaled €14,653.8 million compared to €17,768.3 million in 2019. Impacted by an unfavorable geographic mix, sales decreased by 17.5% on a reported basis and by 19.6% at constant scope & currencies. This is to be compared to a 17.2% downturn in worldwide automotive production market (source IHS Markit dated February 2021).

1.1.3.2. By customer



In 2020, sales to Faurecia four main customers (VW, Ford, PSA, Renault-Nissan-Mitsubishi) amounted to €8,451.0 million or 57.7% of sales compared to 60.0% in 2019:

- sales to the VW group totaled €3,060.6 million. They accounted for 20.9% of Faurecia's total sales. They decreased by 6.9% on a reported basis and by 15.3% at constant scope & currencies compared to 2019;
- sales to the Ford group totaled €1,919.8 million. They accounted for 13.1% of Faurecia's total sales. They decreased by 26.2% on a reported basis and by 23.6% at constant scope & currencies compared to 2019;
- sales to the PSA group totaled €1,756.3 million. They accounted for 12.0% of Faurecia's total sales. They decreased by 24.6% on a reported basis and by 24.6% at constant scope & currencies compared to 2019;
- sales to the Renault-Nissan-Mitsubishi group totaled €1,714.3 million. They accounted for 11.7% of Faurecia's total sales. They decreased by 29.9% on a reported basis and by 30.1% at constant scope & currencies compared to 2019;
- sales to the FCA group totaled €925.1 million. They accounted for 6.3% of Faurecia's total sales. They decreased by 22.0% on a reported basis and by 19.3% at constant scope & currencies compared to 2019;
- sales to the General Motors group totaled €763.0 million. They accounted for 5.2% of Faurecia's total sales. They decreased by 19.1% on a reported basis and by 16.6% at constant scope & currencies compared to 2019;
- sales to Chinese OEMs totaled €717.9 million. They accounted for 4.9% of Faurecia's total sales. They decreased by 13.7% on a reported basis and by 12.4% at constant scope & currencies compared to 2019;
- sales to BMW totaled €491.8 million. They accounted for 3.4% of Faurecia's total sales. They decreased by 29.8% on a reported basis and by 29.4% at constant scope & currencies compared to 2019.

1.1.3.3. By Business Group

| (in € millions) | H2 2020 | Scope Effect * | H2 2019 | Reported | At constant scope & currencies |
|---------------------|----------------|----------------|----------------|--------------|--------------------------------|
| Sales | | | | | |
| Seating | 3,289.0 | | 3,333.3 | -1.3% | 1.2% |
| Interiors | 2,622.4 | 367.0 | 2,624.2 | -0.1% | -9.3% |
| Clean Mobility | 2,177.0 | | 2,302.4 | -5.4% | -0.8% |
| Clarion Electronics | 395.7 | (42.8) | 536.4 | -26.2% | -15.7% |
| TOTAL | 8,484.1 | 324.2 | 8,796.3 | -3.5% | -3.5% |

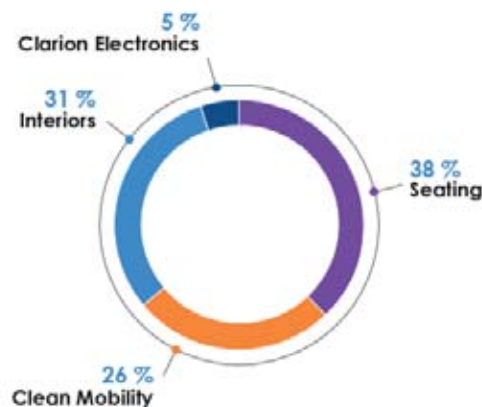
* Scope effect includes SAS sales from July to December.

* Scope effect includes a negative effect of Clarion sales of June. Clarion Sales were consolidated for 7 months in H2 2019.

| (in € millions) | FY 2020 | Scope Effect * | FY 2019 | Reported | At constant scope & currencies |
|---------------------|-----------------|----------------|-----------------|---------------|--------------------------------|
| Sales | | | | | |
| Seating | 5,559.5 | | 6,973.2 | -20.3% | -18.9% |
| Interiors | 4,544.4 | 573.9 | 5,370.2 | -15.4% | -23.4% |
| Clean Mobility | 3,823.4 | | 4,653.5 | -17.8% | -15.3% |
| Clarion Electronics | 726.5 | 167.4 | 771.4 | -5.8% | -26.0% |
| TOTAL | 14,653.8 | 741.3 | 17,768.3 | -17.5% | -19.6% |

* Scope effect includes SAS sales from February to December.

* Scope effect includes Clarion sales of January to March. Clarion Sales were consolidated starting from April 2019.



Sales by Business Group in 2020 were as follows:

- Seating totaled €5,559.5 million sales, down 20.3% on a reported basis and down 18.9% at constant scope & currencies compared to 2019;
- Interiors totaled €4,544.4 million sales, down 15.4% on a reported basis and down 23.4% at constant scope & currencies compared to 2019;
- Clean Mobility totaled €3,823.4 million sales, down 17.8% on a reported basis and down 15.3% at constant scope & currencies compared to 2019;
- Clarion Electronics totaled €726.5 million sales, down 5.8% on a reported basis and down 26.0% at constant scope & currencies compared to 2019.

1.1.4. Operating Income

In 2020, the operating income was negatively impacted by €1.4bn due the drop of volumes resulting from the Covid-19 crisis. This was partly offset by strong flex and resilience actions for €601 million:

- therefore the operating income before amortization of acquired intangible assets totaled €406.2 million, or 2.8% of sales in 2020, compared to €1,283.3 million, or 7.2% of sales in 2019. It included a net charge of €65 million due to one-offs, of which €30 million due to Covid-19 related to extra-costs and €35 million due Chinese OEMs;
- gross expenditures for R&D totaled €1,187.3 million, or 8.1% of sales, compared to €1,329.7 million, or 7.5% of sales in 2019. The portion of R&D expenditure capitalized amounted to €844.8 million, compared to €909.7 million in 2019. The

R&D capitalization ratio represented 71.2% of total R&D expenditure, whereas it represented 68.4% in 2019;

- the net R&D expenses totaled €342.5 million, or 2.3% of sales in 2020, compared to €420.0 million, or 2.4% of sales in 2019;
- selling and administrative expenses totaled to €726.1 million, or 5.0% of sales in 2020, compared to €778.5 million, or 4.4% of sales in 2019;
- EBITDA –which represents operating income before depreciation, amortization and provisions for impairment of property, plant and equipment and capitalized R&D expenditures – totaled to €1,678.8 million, or 11.5% of sales in 2020, to be compared to €2,404.3 million, or 13.5% of sales in 2019.

1.1.4.1 By region

| (in € millions) | H2 2020 | | | H2 2019 | | |
|-------------------|----------------|------------------|-------------|----------------|------------------|-------------|
| | Sales | Operating Income | % | Sales | Operating Income | % |
| Europe | 3,944.5 | 185.6 | 4.7% | 4,110.6 | 266.2 | 6.5% |
| North America | 2,157.0 | 116.9 | 5.4% | 2,194.5 | 129.7 | 5.9% |
| Asia | 2,057.7 | 207.7 | 10.1% | 2,049.8 | 202.5 | 9.9% |
| South America | 241.7 | 8.1 | 3.4% | 351.6 | 29.3 | 8.3% |
| Rest of the world | 83.2 | 1.8 | 2.2% | 89.8 | 10.7 | 11.9% |
| TOTAL | 8,484.1 | 520.1 | 6.1% | 8,796.3 | 638.4 | 7.3% |

| (in € millions) | FY 2020 | | | FY 2019 | | |
|-------------------|-----------------|------------------|-------------|-----------------|------------------|-------------|
| | Sales | Operating Income | % | Sales | Operating Income | % |
| Europe | 6,971.7 | 72.8 | 1.0% | 8,641.4 | 558.0 | 6.5% |
| North America | 3,631.5 | 33.4 | 0.9% | 4,483.4 | 282.6 | 6.3% |
| Asia | 3,528.1 | 308.3 | 8.7% | 3,766.0 | 373.6 | 9.9% |
| South America | 398.2 | (5.6) | -1.4% | 696.4 | 47.9 | 6.9% |
| Rest of the world | 124.3 | (2.7) | -2.2% | 181.1 | 21.2 | 11.7% |
| TOTAL | 14,653.8 | 406.2 | 2.8% | 17,768.3 | 1,283.3 | 7.2% |

The operating income in 2020 compared to 2019 decreased by €877.1 million heavily impacted by Covid-19 crisis:

- in Europe, the operating income decreased by €485.2 million to reach €72.8 million or 1.0% of sales. This is to be compared to €558.0 million or 6.5% in 2019;
- in North America, the operating income decreased by €249.2 million to reach €33.4 million or 0.9% of sales. This is to be compared to €282.6 million or 6.3% in 2019;
- in Asia, the operating income decreased by €65.3 million to reach €308.3 million or 8.7% of sales. This is to be compared

to €373.6 million or 9.9% in 2019. Asia was less impacted than other regions thanks to quick and strong recovery from Covid-19 in China;

- in South America, the operating income decreased by €53.5 million to reach €-5.6 million or -1.4% of sales. This is to be compared to €47.9 million or 6.9% in 2019;
- in the rest of the world (South Africa), the operating margin decreased by €23.9 million to reach €-2.7 million or -2.2% of sales. This is to be compared to €21.2 million or 11.7% in 2019.

1.1.4.2. By Business Group

| (in € millions) | H2 2020 | | | H2 2019 | | |
|---------------------|----------------|------------------|-------------|----------------|------------------|-------------|
| | Sales | Operating Income | % | Sales | Operating Income | % |
| Seating | 3,289.0 | 213.0 | 6.5% | 3,333.3 | 234.1 | 7.0% |
| Interiors | 2,622.4 | 112.0 | 4.3% | 2,624.2 | 122.6 | 4.7% |
| Clean Mobility | 2,177.0 | 190.9 | 8.8% | 2,302.4 | 270.0 | 11.7% |
| Clarion Electronics | 395.7 | 4.2 | 1.1% | 536.4 | 11.7 | 2.2% |
| TOTAL | 8,484.1 | 520.1 | 6.1% | 8,796.3 | 638.4 | 7.3% |

| (in € millions) | FY 2020 | | | FY 2019 | | |
|---------------------|-----------------|------------------|-------------|-----------------|------------------|-------------|
| | Sales | Operating Income | % | Sales | Operating Income | % |
| Seating | 5,559.5 | 190.6 | 3.4% | 6,973.2 | 453.1 | 6.5% |
| Interiors | 4,544.4 | 19.4 | 0.4% | 5,370.2 | 293.7 | 5.5% |
| Clean Mobility | 3,823.4 | 201.1 | 5.3% | 4,653.5 | 524.6 | 11.3% |
| Clarion Electronics | 726.5 | (4.9) | -0.7% | 771.4 | 11.9 | 1.5% |
| TOTAL | 14,653.8 | 406.2 | 2.8% | 17,768.3 | 1,283.3 | 7.2% |

The operating income in 2020 compared to 2019 decreased by €877.1 million heavily impacted by Covid-19 crisis:

- Seating operating income amounted to €190.6 million or 3.4% of sales, compared to €453.1 million or 6.5% of sales in 2019;
- Interiors operating income amounted to €19.4 million or 0.4% of sales, compared to €293.7 million or 5.5% of sales in 2019;
- Clean Mobility operating income amounted to €201.1 million or 5.3% of sales, compared to €524.6 million or 11.3% of sales in 2019;
- Clarion Electronics operating income amounted to €-4.9 million or -0.7% of sales, compared to €11.9 million or 1.5% of sales in 2019.

1.1.5. Net income

The net income group share is a loss of 378.8 million, or -2.6% of sales in 2020. This is to be compared to a profit of €589.7 million or 3.3% of sales over the same period in 2019. It represented a decrease of €968.5 million.

In 2020:

- the amortization of intangible assets acquired represented an expense of €91.7 million compared to an expense of €56.4 million in 2019;
- the "other non-recurring operating income and expenses" represented an expense of €277.0 million, compared to an expense of €213.8 million in 2019. This item included €286.0 million in restructuring charges compared to an expense of €193.9 million in 2019. It included also an expense of €166.1 million due to the impairment of Clarion Electronics goodwill and intangible assets and a revenue of €178.0 million coming from the reevaluation of the initial 50% stake hold in SAS;
- financial income amounted to €18.1 million, compared to €18.7 million in 2019. Financial costs totaled €204.3 million, versus €197.7 million in 2019;

- other financial income and expense represented an expense of €36.6 million compared to an expense of €40.4 million in 2019. This expense included €5.8 million from discounting pension benefit liabilities;
- the tax expense reached €123.4 million, compared to €166.8 million in 2019. it included a charge due to depreciation of deferred tax assets for €25 million (mainly France and Germany);
- the share of net income of associates is a loss of €12.8 million, compared to a profit of €37.8 million in 2019;
- net income attributable to minority interests totaled €57.3 million. It consists of net income accruing to investors in companies in which Faurecia is not the sole shareholder, mainly in China, compared to €75.0 million in 2019.

Basic earnings per share amounted to €-2.75 (diluted net earnings per share at €-2.75) compared to €4.31 in 2019 (diluted net earnings per share at €4.29).

1.1.6. Financial structure

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

| (in € millions) | Notes | 2020 | 2019 |
|---|------------|----------------|----------------|
| Recurring net cash flow | | 6.3 | 587.0 |
| Other changes | | 0.0 | 0.0 |
| Net cash flow | | 6.3 | 587.0 |
| Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities | 2.3 | (251.5) | (1,130.3) |
| Proceed from disposal of financial assets from continued activities | 2.3 | 0.0 | 0.0 |
| Other changes from continued activities | 2.3 | (11.7) | 53.5 |
| Surplus (used) from operating and financing activities | 2.3 | (257.0) | (489.8) |

1.1.6.2. Net cash flow

The net cash flow was an inflow of €6.3 million in 2020 (of which a consumption of €1,044.8 million in the first semester 2020 and a cash generation of €1,051.1 million in the second semester 2020) compared to a net cash inflow of €587.0 million in 2019. The deterioration is mainly driven by the Covid-19 impact on EBITDA. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €1,678.8 million compared to €2,404.3 million in 2019, due to the decrease in operating income by €877.1 million and the increase in depreciation and amortization by €151.6 million;

- restructuring represented cash outflows of €124.9 million compared to €166.3 million 2019;
- net financial costs represented cash outflows of €209.8 million, versus €197.1 million in 2019;
- the change in working capital requirement, including receivables factoring, represented a negative impact of €57.4 million (of which a negative impact of €743.5 million in the first semester 2020 and a positive impact of €686.1 million in the second semester 2020) compared to a positive impact €109.3 million in 2019. This change consisted in part of an increase in inventories of €137.7 million, a net increase in trade receivables of €324.6 million, an increase in trade

payables of €459.8 million and a negative variation of other trade receivables and payables for €54.9 million. The evolution of these balance sheet positions was impacted by exchange rate changes;

- capital expenditures on property, plant and equipment and on intangible assets represented cash outflows of €478.9 million, versus €685.2 million in 2019;

- capitalized research and development costs represented cash outflows of €619.3 million, versus €681.2 million in 2019;
- income taxes represented cash outflows of €196.9 million, compared to €295.8 million in the 2019;
- finally, other cash flow items represented €14.7 million in inflows, compared to €98.9 million in outflows in 2019.

1.1.6.3. Net Debt

(in € millions)

| | Dec. 31, 2020 | Dec. 31, 2019 |
|-----------------|----------------|----------------|
| Net debt | 3,128.1 | 2,524.0 |

The Group's net financial debt stood at €3,128 million at December 31, 2020 compared to €2,524 million at December 31, 2019. The net debt evolution is mainly impacted by the positive Net cash flow evolution of €6 million, the net financial investments and other cash elements outflow of €320 million (which includes mainly the investment (50%) in SAS) and the impact of the new IFRS16 lease of €290 million (of which €79 million due to the SAS entry point).

The main elements of long-term financial resources are:

- the €1,200 million syndicated credit facility, renegotiated in June 2018, maturing in June 2024 and which has been drawn for €600 million in March 2020 and repaid in September 2020. As at December 31, 2020, this facility was not used and fully available for its total amount;

- a total amount of €3,150 million bonds, of which €1000 million of bonds maturing in June 2025, €750 million of bonds maturing in June 2026, €700 million of bonds maturing in June 2027 and €700 million of bonds maturing in June 2028;
- €700 million of *Schuldscheindarlehen* (private placement under German law), made of several tranches maturing in December 2022, December 2023 and December 2024;
- a 30 billion Japanese Yen credit line signed in February 2020 in order to refinance the long term debt of Clarion Co. Ltd, maturing in February 2025. As at December 31, 2020, this facility was used up to ¥20 billion.

Note that the €800 million, 18-months term loan maturing October 2021, signed with four banks and fully drawn in April 2020, has been fully repaid in July 2020 with part of the proceeds of a €1,000 bond issue, and subsequently cancelled.

1.2. Outlook

2021 GUIDANCE

Faurecia expects worldwide automotive production to rebound to 76.6 million vehicles in 2021, up 8% vs. 2020.

This assumption is more conservative than IHS Markit forecast (dated February 2021) of 80.9 million vehicles, as there are uncertainties in H1 2021, mainly related to Covid variants as well as electronic components shortage, even if this could be caught up in H2 2021.

Based on this assumption that worldwide automotive production should reach 76.6 million vehicles in 2021, Faurecia's financial targets for the year are:

- Sales of at least €16.5 billion and sales outperformance > +600bps; the sales target includes c. €(610) million negative effect, of which c. €(130) million from scope (a positive effect of €60 million from one month of SAS and a negative effect of €190 million from the divestment of AST Acoustics) and c. €(480) million from currencies;
- Operating margin of c. 7% of sales, close to pre-Covid levels;
- Net cash flow of c. €500 million and net-debt-to-EBITDA ratio < 1.5x at year-end; this target takes into account a cash outflow of c. €180 million from restructurings.

Faurecia's assumption of 2021 worldwide automotive production assumes no major lockdown impacting production or retail sales in any automotive region during the year.

All financial targets are based on 2021 average currency rates of 1.18 for USD/€ and 8.15 for CNY/€.

2022 TARGETS AND 2025 AMBITION

On February 22 2021, Faurecia held a Capital Markets Day, during which the Group presented its "New Perspectives" and detailed its strong profitable growth potential over the medium-term.

Faurecia detailed its 2022 financial targets and 2025 ambition for each of its Business Groups and at Group level.

Faurecia confirmed its financial targets for 2022 (based on an assumption of worldwide automotive production of 82.3 million vehicles and at constant 2021 scope and currencies):

- Sales of at least €18.5 billion;
- Operating margin of 8% of sales;
- Net cash flow of 4% of sales, representing c. €750 million.

Faurecia also presented its 2025 ambition (based on an assumption of worldwide automotive production of 90.9 million vehicles and at constant 2021 scope and currencies):

- Sales of at least €24.5 billion;
- Operating margin above 8% of sales;
- Net cash flow close to 4.5% of sales, representing c. €1.1 billion.

Over the five-year period (2021 to 2025):

- Organic sales CAGR will be of c. 11% and sales average annual outperformance will exceed +500bps;
- Cumulated net cash flow will exceed €4 billion driving continuous deleveraging.

1.3. Consolidated financial statements for the year ended December 31, 2020

1.3.1. Consolidated statement of comprehensive income

| <i>(in € millions)</i> | Notes | 2020 | 2019 |
|---|----------|-----------------|-----------------|
| SALES | 4 | 14,653.8 | 17,768.3 |
| Cost of sales | 5 | (13,179.0) | (15,286.5) |
| Research and development costs | 5 | (342.5) | (420.0) |
| Selling and administrative expenses | 5 | (726.1) | (778.5) |
| OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS) | 4 | 406.2 | 1,283.3 |
| Amortization of intangible assets acquired in business combinations | 11 | (91.7) | (56.4) |
| OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS) | | 314.5 | 1,226.9 |
| Other non-recurring operating income | 6 | 180.7 | 2.5 |
| Other non-recurring operating expense | 6 | (457.7) | (216.3) |
| Income from loans, cash investments and marketable securities | | 18.1 | 18.7 |
| Finance costs | 7 | (204.3) | (197.7) |
| Other financial income and expense | 7 | (36.6) | (40.4) |
| INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES | | (185.3) | 793.7 |
| Taxes | 8 | (123.4) | (166.8) |
| <i>of which deferred taxes</i> | 8 | 57.8 | 76.5 |
| NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES | | (308.7) | 626.9 |
| Share of net income of associates | 13 | (12.8) | 37.8 |
| CONSOLIDATED NET INCOME (LOSS) | | (321.5) | 664.7 |
| Attributable to owners of the parent | | (378.8) | 589.7 |
| Attributable to minority interests | 23 | 57.3 | 75.0 |
| Basic earnings (loss) per share <i>(in €)</i> | 9 | (2.75) | 4.31 |
| Diluted earnings (loss) per share <i>(in €)</i> | 9 | (2.75) | 4.29 |

1 Financial and accounting information

Consolidated financial statements for the year ended December 31, 2020

Other comprehensive income

| <i>(in € millions)</i> | <i>Notes</i> | 2020 | 2019 |
|--|--------------|----------------|---------------|
| CONSOLIDATED NET INCOME (LOSS) | | (321.5) | 664.7 |
| Amounts to be potentially reclassified to profit or loss | | (332.9) | 23.9 |
| Gains (losses) arising on fair value adjustments to cash flow hedges | | (2.3) | (22.4) |
| <i>of which recognized in equity</i> | | (14.3) | (22.3) |
| <i>of which transferred to net income (loss) for the period</i> | | 12.0 | (0.1) |
| Exchange differences on translation of foreign operations | | (331.5) | 38.5 |
| Tax impact | | 0.9 | 7.8 |
| Amounts not to be reclassified to profit or loss | | (44.5) | (10.8) |
| Actuarial gain/(loss) on post-employment benefit obligations | 25 | (54.1) | (26.7) |
| Tax impact | | 9.6 | 15.9 |
| TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD | | (698.9) | 677.8 |
| Attributable to owners of the parent | | (736.9) | 599.5 |
| Attributable to minority interests | | 38.0 | 78.3 |

1.3.2. Consolidated balance sheet

Assets

| <i>(in € millions)</i> | Notes | 2020 | 2019 |
|------------------------------------|-------|-----------------|-----------------|
| Goodwill | 10 | 2,195.9 | 2,146.4 |
| Intangible assets | 11 | 2,668.0 | 2,550.9 |
| Property, plant and equipment | 12A | 2,813.3 | 2,997.4 |
| Right-of-use assets | 12B | 913.3 | 877.0 |
| Investments in associates | 13 | 177.4 | 240.3 |
| Other equity interests | 14 | 53.8 | 60.4 |
| Other non-current financial assets | 15 | 104.7 | 71.4 |
| Other non-current assets | 16 | 70.5 | 70.1 |
| Deferred tax assets | 8 | 475.4 | 468.4 |
| TOTAL NON-CURRENT ASSETS | | 9,472.3 | 9,482.3 |
| Inventories, net | 17 | 1,431.3 | 1,423.8 |
| Contracts assets * | | 248.0 | 129.0 |
| Trade accounts receivables | 18 | 3,237.1 | 2,608.9 |
| Other operating receivables | 19 | 363.4 | 360.4 |
| Other receivables | 20 | 856.4 | 839.2 |
| Other current financial assets | 30 | 2.6 | 1.8 |
| Cash and cash equivalents | 21 | 3,091.4 | 2,319.4 |
| TOTAL CURRENT ASSETS | | 9,230.2 | 7,682.5 |
| TOTAL ASSETS | | 18,702.5 | 17,164.8 |

* Inventories of products for which the Group is considered as agent are now presented as contract assets, the comparative period as of 12/31/2019 has been modified accordingly.

Liabilities

| <i>(in € millions)</i> | Notes | 2020 | 2019 |
|---|-------|-----------------|-----------------|
| EQUITY | | | |
| Capital | 22 | 966.3 | 966.3 |
| Additional paid-in capital | | 632.8 | 632.8 |
| Treasury stock | | (19.1) | (44.7) |
| Retained earnings | | 2,449.2 | 1,936.7 |
| Translation adjustments | | (254.7) | 54.2 |
| Net income (loss) | | (378.8) | 589.7 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS | | 3,395.7 | 4,135.0 |
| Minority interests | 23 | 331.4 | 326.8 |
| TOTAL SHAREHOLDERS' EQUITY | | 3,727.1 | 4,461.8 |
| Non-current provisions | 25 | 515.3 | 461.6 |
| Non-current financial liabilities | 26 | 4,222.8 | 3,093.1 |
| Non-current lease liabilities | | 794.0 | 732.3 |
| Other non-current liabilities | | 1.9 | 1.8 |
| Deferred tax liabilities | 8 | 82.0 | 38.7 |
| TOTAL NON-CURRENT LIABILITIES | | 5,616.0 | 4,327.5 |
| Current provisions | 24 | 315.4 | 260.4 |
| Current financial liabilities | 26 | 1,023.1 | 846.1 |
| Current portion of lease liabilities | | 182.2 | 173.7 |
| Prepayments on customers contracts | | 605.7 | 665.4 |
| Trade payables | 27 | 6,016.4 | 5,316.2 |
| Accrued taxes and payroll costs | 27 | 771.9 | 752.8 |
| Sundry payables | 28 | 444.7 | 360.9 |
| TOTAL CURRENT LIABILITIES | | 9,359.4 | 8,375.5 |
| TOTAL EQUITY AND LIABILITIES | | 18,702.5 | 17,164.8 |

1.3.3. Consolidated cash flow statement

| <i>(in € millions)</i> | <i>Notes</i> | 2020 | 2019 |
|---|--------------|------------------|------------------|
| I- OPERATING ACTIVITIES | | | |
| Operating income (before amortization of acquired intangible assets) | | 406.2 | 1,283.3 |
| Depreciations and amortizations of assets | 5.5 | 1,272.6 | 1,121.0 |
| <i>o/w depreciations and amortizations of R&D assets</i> | 5.4 | 524.7 | 441.9 |
| <i>o/w other depreciations</i> | | 747.9 | 679.2 |
| EBITDA | | 1,678.8 | 2,404.3 |
| Operating current and non-current provisions | | 10.4 | (66.1) |
| Capital (gains) losses on disposals of operating assets | | 2.0 | 2.2 |
| Paid restructuring | | (124.9) | (166.3) |
| Paid finance costs net of income | | (209.8) | (197.1) |
| Other non-recurring operating income and expenses paid | | (3.7) | (35.6) |
| Paid taxes | | (196.9) | (295.8) |
| Dividends from associates | | 7.3 | 27.8 |
| Change in working capital requirement | | (57.4) | 109.3 |
| Change in inventories | | (137.7) | (27.0) |
| <i>o/w R&D inventories increase</i> | 5.4 | (225.5) | (228.5) |
| <i>o/w R&D inventories decrease</i> | | 196.4 | 216.3 |
| Change in trade accounts receivables | | (324.6) | (397.5) |
| Change in trade payables | | 459.8 | 538.8 |
| Change in other operating receivables and payables | | (58.3) | 73.9 |
| Change in other receivables and payables (excl. Tax) | | 3.4 | (78.9) |
| CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES | | 1,105.7 | 1,782.8 |
| II- INVESTING ACTIVITIES | | | |
| Additional property, plant and equipment | 12 | (475.7) | (681.8) |
| Additional intangible assets | 11 | (3.2) | (3.4) |
| Capitalized development costs | 5.4 & 11 | (619.3) | (681.2) |
| Acquisitions/Sales of investments and business (net of cash and cash equivalents) | | (251.5) | (1,130.3) |
| Proceeds from disposal of property, plant and equipment | | 38.1 | 205.8 |
| Proceed from disposal of financial assets | | 0.0 | 0.0 |
| Change in investment-related receivables and payables | | (39.4) | (35.2) |
| Other changes | | (11.7) | 53.5 |
| CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES | | (1,362.7) | (2,272.6) |
| CASH PROVIDED BY (USED IN) OPERATING AND INVESTING ACTIVITIES (I)+(II) | | (257.0) | (489.8) |
| III- FINANCING ACTIVITIES | | | |
| Shares issued by Faurecia and fully consolidated companies (net of costs) | | 5.3 | 2.7 |
| Dividends paid to owners of the parent company | | 0.0 | (170.2) |
| Dividends paid to minority interests in consolidated subsidiaries | | (35.4) | (41.6) |
| Acquisitions of treasury stocks | | 0.9 | (29.4) |
| Debt securities issued and increase in other financial liabilities | | 3,062.0 | 1,213.6 |
| Repayment of debt and other financial liabilities | | (1,734.3) | (135.9) |
| Repayments on lease debts | | (173.1) | (140.1) |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | | 1,125.4 | 699.2 |
| IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS | | | |
| Impact of exchange rate changes on cash and cash equivalents | | (96.3) | 4.6 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | 772.1 | 214.1 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD | | 2,319.4 | 2,105.3 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | 3,091.4 | 2,319.4 |

The net cash flow amounts to €6.3 million as of December 31, 2020. (see chapter 1, paragraph 1.7).

1 Financial and accounting information

Consolidated financial statements for the year ended December 31, 2020

1.3.4. Consolidated statement of changes in equity

| (in € millions) | Number of shares ⁽¹⁾ | Capital stock | Additional paid-in capital | Treasury Stock | Retained earnings and net income (loss) for the period | Valuation adjustments | | | Equity attributable to owners of the parent | Minority interests | Total |
|---|---------------------------------|---------------|----------------------------|----------------|--|-------------------------|------------------|--|---|--------------------|----------------|
| | | | | | | Translation adjustments | Cash flow hedges | Actuarial gain/(loss) on post-employment benefit obligations | | | |
| Shareholders' equity as of January 1, 2019 before appropriation of net income (loss) | 138,035,801 | 966.3 | 632.8 | (51.0) | 2,218.1 | 17.8 | 15.4 | (89.7) | 3,709.7 | 361.6 | 4,071.3 |
| Net income (loss) restated | | | | | 589.7 | | | | 589.7 | 75.0 | 664.7 |
| Other comprehensive income | | | | | | 35.2 | (14.6) | (10.8) | 9.8 | 3.3 | 13.1 |
| Comprehensive income | | | | | 589.7 | 35.2 | (14.6) | (10.8) | 599.5 | 78.3 | 677.8 |
| Capital increase | | | | | | | | | 0.0 | | 0.0 |
| 2018 dividends | | | | | (170.2) | | | | (170.2) | (40.6) | (210.8) |
| Measurement of stock options and shares grant | | | | | (16.7) | | | | (16.7) | | (16.7) |
| Purchases and sales of treasury stock | | | | 6.3 | | | | | 6.3 | | 6.3 |
| Changes in scope of consolidation and other | | | | | 17.0 | 1.2 | | (11.8) | 6.4 | (72.5) | (66.1) |
| Shareholders' equity as of December 31, 2019 before appropriation of net income (loss) | 138,035,801 | 966.3 | 632.8 | (44.7) | 2,637.9 | 54.2 | 0.8 | (112.3) | 4,135.0 | 326.8 | 4,461.8 |
| Net income (loss) | | | | | (378.8) | | | | (378.8) | 57.3 | (321.5) |
| Other comprehensive income | | | | | | (312.2) | (1.4) | (44.5) | (358.1) | (19.3) | (377.4) |
| Comprehensive income | | | | | (378.8) | (312.2) | (1.4) | (44.5) | (736.9) | 38.0 | (698.9) |
| Capital increase | | | | | | | | | 0.0 | 2.2 | 2.2 |
| 2019 dividends | | | | | | | | | 0.0 | (35.3) | (35.3) |
| Measurement of stock options and shares grant | | | | | (8.9) | | | | (8.9) | | (8.9) |
| Purchases and sales of treasury stock | | | | 25.6 | | | | | 25.6 | | 25.6 |
| Changes in scope of consolidation and other | | | | | (23.1) | 3.3 | | 0.7 | (19.1) | (0.3) | (19.4) |
| Shareholders' equity as of December 31, 2020 before appropriation of net income (loss) | 138,035,801 | 966.3 | 632.8 | (19.1) | 2,227.1 | (254.7) | (0.6) | (156.1) | 3,395.7 | 331.4 | 3,727.1 |

(1) Of which 499,273 treasury stock as of 12/31/2020 and 1,149,994 treasury stock as of 12/31/2019 - See note 9.

1.3.5. Notes to the consolidated financial statements

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

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

The consolidated financial statements were approved by Faurecia's Board of Directors on February 19, 2021.

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 2020 consolidated financial statements and comparative data for 2019 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2020, 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.

The new standards, amendments and revisions to the existing standards, whose application is mandatory from January 1, 2020, have no significant impact on the Group annual consolidated financial statements. The application of the December 2019 IFRS IC decision on the determination of the term of the lease and the useful life of leasehold improvements has not had any significant impact on the Group annual consolidated financial statements.

Faurecia has not undertaken any early application of new standards, amendments or interpretations whose application is mandatory after December 31, 2020, irrespective of whether or not they are adopted by the European Union.

The accounting principles applied are given in each note hereafter.

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

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

1.B Consolidation principles

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

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

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

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

Companies over which the Group exercises significant influence but not control, generally through a shareholding representing between 20% and 50% of the voting rights, are accounted for by the equity method. There is no joint operation in the sense of IFRS 11 within the companies consolidated by equity method.

The Faurecia group's financial statements are presented in euros. Except if specifically specified, amounts are in millions of euros; generally, amounts presented are rounded to the closest unit; consequently, the sum of rounded amounts can present non significant differences to the reported total. Moreover, ratios and variances reported are computed with the detailed amounts and not with the rounded amounts.

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

Balance sheets and net income of Group entities active in hyperinflation economies are restated to take into account the changes in purchasing power of the local currencies using the official indexes at closing date. They are then translated in euros using the exchange rate of the closing date; without restatement of comparative periods in accordance with IAS 21. This is applied in 2019 and 2020 to Group affiliates in Argentina.

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

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

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

Note 2 Change in scope of consolidation and recent events

2.1 Change in scope of consolidation in 2020

SAS has been acquired on January, 30 2020 and integrated in the Interiors segment (see note 10 A). It was previously held at 50% and consolidated by equity method.

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

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

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

2.2 Reminder of change in scope of consolidation introduced in 2019

Clarion has been acquired in March 2019 and integrated in the new Clarion Electronics perimeter (see Note 10B). In the same perimeter, the remaining shares of Coagent (49%) has been acquired in June 2019.

Within the Seating consolidation scope, in the United States, the company Total Network Manufacturing has been acquired at 49% and is consolidated by equity method since January 2019. In Mexico, the company Steva Mexico SLP SA de CV has been acquired at 49% and is consolidated by equity method since February 2019. In China, the company Chengdu Faurecia Xuyang Automotive Seat Co., Ltd has been created in September 2019, it is held at 60% and fully consolidated.

For Interiors, In China, the company Faurecia (Chongqing) Automotive Parts Company Ltd has been sold fully in July 2019 and following the acquisition of the remaining shares of Zhejiang Faurecia Interior and Exterior Systems Company Ltd, this company, previously consolidated by equity method is now fully consolidated since October 2019 as in the same time the shares of Xiangtan Faurecia Limin Interior and Exterior Systems Company Ltd and of Lanzhou Faurecia Limin Interior & Exterior Systems Company Ltd, consolidated by equity method, have been sold in October 2019.

Within the Clean Mobility perimeter, the company Faurecia (Liuzhou) Emissions Control Technologies Co Ltd has been created in March 2019, it is held at 50% and consolidated by equity method. The company Amminex, held at 91.5%, is fully consolidated since January 2019. The company Symbio, in France, is held at 50% and consolidated by equity method since December 2019.

The companies Covatech Automotive Technologies, based in Taiwan, acquired at 82% and fully consolidated since March 2019 and Creo acquired in Sweden at 72% and fully consolidated since April 2019, initially allocated to Interiors, are now integrated into the Clarion Electronics perimeter.

2.3 Recent events

Impact Covid-19

The year 2020 has been strongly impacted by the globalization of the Covid-19 pandemic that heavily impacted the automotive industry and all sectors of the economy, especially during the first semester, where, as a consequence of the temporary shutdown of most of its customers' production sites around the globe, Faurecia also had to stop production in a large number of its sites during this period.

Production has then been stopped mainly in China from mid February to early March 2020 (depending on the provinces), in Europe during the second half of March until early May depending on the countries and in North America from end of March to mid May 2020, each time in compliance with local regulations. The Group has then ensured the safe restart of production in these different areas applying the local regulations and depending on the restart of its customers' plants.

In the light of this unprecedented situation, Faurecia immediately implemented from March 2020 a strong action plan to react to the crisis with three priorities:

- The first priority was the health and safety of all employees as well as the creation of the right conditions for a safe restart of production ("safer together program"), learning from the successful experience in China;
- The second priority was the close management of the Group's liquidity and the protection of a sound financial structure. To this end, quick measures were implemented during the first half year 2020, ensuring the liquidity to face the production drop. Faurecia has then drawn €600 million out of its €1.2 billion syndicated credit facility, signed and drawn a new Club Deal of €800 million and extended its factoring program to the newly integrated SAS business. The debt has then been restructured beginning of the second half 2020, through the additional issue of 2025 bonds and the issue of 2028 bonds for a total of € 1,000 million, on July 31, 2020, enabling the repayment of the €800 million loan, as well as later on the repayment of the drawn part of the syndicated credit facility. In addition, the Board of Directors took the decision, approved by shareholders at the June 26, 2020 Annual General Meeting, to cancel the 2020 dividend;

- The third priority was to deploy quick actions to further improve the Group's resilience, in order to limit the impact of the sharp sales drop on operating income. Faurecia has then taken all the necessary measures to drastically reduce, in the short term, its costs, development expenses and investments, including putting employees in all sites on temporary unemployment, according to the reduction of the activity faced by the site.

At the end of June 2020, production was running on all the plants of the Group, the gradual recovery of the activity has then continued during the second semester. From September 2020, the activity of the group has come back to the level of last year.

The impacts on Group results and on the estimates used for the year end closing are being detailed in the notes 8 and 10 C mainly.

The last developments on Covid and its variants are still generating uncertainties on the automotive production in H1 2021, as well as the electronic components shortage, the impact of the latter being likely to be recovered during the rest of the year.

Merger Peugeot SA and FCA to create Stellantis Group

Within the frame of the merger between Peugeot SA and FCA:

- on October 28, 2020, the boards of Peugeot SA and FCA have approved the sale by Peugeot SA of approximately 7% of Faurecia's paid capital prior to the completion of the merger. The sale of 9,663,000 Faurecia shares, representing around 7% share of Faurecia paid in capital has taken place by Peugeot SA on October 29, 2020. In addition to this sale, commitments on Faurecia governance have been taken by Peugeot SA and FCA to ensure that Stellantis will not acquire control of Faurecia, in line with the initial merger agreement;
- on January 4, 2021, the extraordinary shareholder's meetings of Peugeot SA and FCA have approved the merger of the two groups;
- on January 12, 2021, as committed by Peugeot SA and FCA, the Faurecia shares held by Peugeot SA have been converted to bearer shares (followed by a conversion to nominative shares) involving the loss of the double voting rights that were attached to them so far, and the three Faurecia board members representing Peugeot SA in Faurecia's board have resigned at that date;
- on January 25, 2021, after the realization of the merger between Peugeot SA and FCA effective on January 16, 2021, Stellantis has announced for March 8, 2021, the convening of an extraordinary shareholder's meeting to approve the distribution of the shares held in Faurecia.

Faurecia has signed on February 18, 2021 a memorandum of understanding concerning the sale of its acoustics and soft trim division (AST) to the Adler group.

Note 3 Post-balance sheet events

No significant post-balance sheet events have occurred apart from the events described in 2.3.

Note 4 Information by operating segment

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

- Seating (design and manufacture of complete vehicle seats, seating frames and adjustment mechanisms);
- Interiors (design, manufacture and assembly of instrument panels and complete cockpits, door panels and modules, and acoustic systems);
- Clean Mobility (design and manufacture of exhaust systems, solutions for fuel cell electric vehicles, and aftertreatment solutions for commercial vehicles);
- Clarion Electronics (design and manufacture of display technologies, driver assistance systems and cockpit electronics).

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

4.1 Accounting principles

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

Revenue on tooling is generally recognized at the transfer of control of these toolings to the customer, usually shortly before serial production starts. Development costs are generally recognized as set up costs for the serial parts production and capitalized, they are then not considered as a revenue distinct from product sales, except specific cases depending on the contract with the customer.

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

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

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

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

1 Financial and accounting information

Consolidated financial statements for the year ended December 31, 2020

4.2 Key figures by operating segment

2020

| <i>(in € millions)</i> | Seating | Interiors | Clean Mobility | Clarion Electronics | Other | Total |
|---|----------------|----------------|-------------------|------------------------|--------------|-----------------|
| TOTAL SALES | 5,599.3 | 4,591.8 | 3,832.2 | 737.0 | 108.4 | 14,868.7 |
| Inter-segment eliminations | (39.8) | (47.4) | (8.9) | (10.5) | (108.4) | (214.9) |
| Consolidated sales | 5,559.5 | 4,544.4 | 3,823.4 | 726.5 | 0.0 | 14,653.8 |
| Operating income (before amortization of acquired intangible assets) | 190.6 | 19.4 | 201.1 | (4.9) | 0.0 | 406.2 |
| Amortization of intangible assets acquired in business combinations | | | | | | (91.7) |
| Operating income (after amortization of acquired intangible assets) | | | | | | 314.5 |
| Other non recurring operating income | | | | | | 180.7 |
| Other non recurring operating expenses | | | | | | (457.7) |
| Finance costs, net | | | | | | (186.2) |
| Other financial income and expenses | | | | | | (36.6) |
| Corporate income tax | | | | | | (123.4) |
| Share of net income of associates | | | | | | (12.8) |
| NET INCOME (LOSS) | | | | | | (321.5) |
| Segment assets | 4,054.7 | 4,326.4 | 4,543.4 | 1,424.4 | 208.0 | 14,557.0 |
| Net property, plant and equipment | 778.4 | 923.5 | 911.7 | 144.0 | 55.7 | 2,813.3 |
| Right-of-use assets | 214.2 | 350.8 | 208.3 | 55.4 | 84.5 | 913.3 |
| Other segment assets | 3,062.2 | 3,052.1 | 3,423.4 | 1,225.0 | 67.7 | 10,830.4 |
| Investments in associates | | | | | | 177.4 |
| Other equity interests | | | | | | 53.8 |
| Short and long-term financial assets | | | | | | 3,252.8 |
| Tax assets (current and deferred) | | | | | | 661.5 |
| TOTAL ASSETS | | | | | | 18,702.5 |
| Segment liabilities | 2,143.9 | 2,612.4 | 3,281.6 | 431.2 | 185.9 | 8,654.9 |
| Borrowings | | | | | | 5,245.9 |
| Lease liabilities | | | | | | 976.2 |
| Tax liabilities (current and deferred) | | | | | | 98.4 |
| Equity and minority interests | | | | | | 3,727.1 |
| TOTAL LIABILITIES | | | | | | 18,702.5 |
| Capital expenditure | 137.3 | 156.6 | 141.3 | 18.6 | 21.4 | 475.1 |
| Depreciation of property, plant and equipment | (133.7) | (183.8) | (158.2) | (24.6) | (6.8) | (507.0) |
| Depreciation of Right-of-use assets | (57.9) | (75.6) | (45.7) | (13.1) | (13.2) | (205.5) |
| Impairment of property, plant and equipment | (6.9) | (19.8) | (4.8) | (0.4) | 0.0 | (31.9) |
| Headcounts | 42,515 | 40,467 | 22,256 | 5,797 | 2,896 | 113,931 |

2019

| <i>(in € millions)</i> | Seating | Interiors | Clean Mobility | Clarion Electronics | Other | Total |
|---|----------------|------------------|---------------------------|--------------------------------|--------------|-----------------|
| TOTAL SALES | 7,029.1 | 5,389.1 | 4,655.0 | 774.8 | 148.4 | 17,996.3 |
| Inter-segment eliminations | (55.9) | (18.9) | (1.5) | (3.4) | (148.4) | (228.0) |
| Consolidated sales | 6,973.3 | 5,370.2 | 4,653.5 | 771.4 | 0.0 | 17,768.3 |
| Operating income (before amortization of acquired intangible assets) | 453.1 | 293.6 | 524.6 | 11.9 | 0.0 | 1,283.3 |
| Amortization of intangible assets acquired in business combinations | | | | | | (56.4) |
| Operating income (after amortization of acquired intangible assets) | | | | | | 1,226.9 |
| Other non recurring operating income | | | | | | 2.5 |
| Other non recurring operating expenses | | | | | | (216.3) |
| Finance costs, net | | | | | | (179.0) |
| Other financial income and expenses | | | | | | (40.4) |
| Corporate income tax | | | | | | (166.8) |
| Share of net income of associates | | | | | | 37.8 |
| NET INCOME (LOSS) | | | | | | 664.7 |
| Segment assets | 4,041.9 | 3,449.3 | 4,374.5 | 1,647.0 | 243.3 | 13,755.9 |
| Net property, plant and equipment | 824.5 | 953.6 | 997.3 | 168.5 | 53.6 | 2,997.4 |
| Right-of-use assets | 210.5 | 314.8 | 224.4 | 37.6 | 89.6 | 877.0 |
| Other segment assets | 3,006.9 | 2,180.9 | 3,152.7 | 1,440.9 | 100.1 | 9,881.5 |
| Investments in associates | | | | | | 240.3 |
| Other equity interests | | | | | | 60.4 |
| Short and long-term financial assets | | | | | | 2,441.1 |
| Tax assets (current and deferred) | | | | | | 667.1 |
| TOTAL ASSETS | | | | | | 17,164.8 |
| Segment liabilities | 2,142.3 | 2,047.7 | 2,900.5 | 549.6 | 155.5 | 7,795.5 |
| Borrowings | | | | | | 3,939.2 |
| Lease liabilities | | | | | | 906.0 |
| Tax liabilities (current and deferred) | | | | | | 62.3 |
| Equity and minority interests | | | | | | 4,461.8 |
| TOTAL LIABILITIES | | | | | | 17,164.8 |
| Capital expenditure | 195.1 | 222.8 | 206.1 | 29.1 | 27.5 | 680.6 |
| Depreciation of property, plant and equipment | (138.2) | (165.7) | (153.7) | (28.9) | (5.2) | (491.7) |
| Depreciation of Right-of-use assets | (47.6) | (39.4) | (54.6) | (3.8) | (11.7) | (157.0) |
| Impairment of property, plant and equipment | (1.8) | (5.8) | (5.1) | (3.1) | (0.0) | (15.8) |
| Headcounts | 44,742 | 37,367 | 23,211 | 7,325 | 2,851 | 115,496 |

1 Financial and accounting information

Consolidated financial statements for the year ended December 31, 2020

4.3 Sales by operating segment

Sales by operating segment break down as follows:

| (in € millions) | 2020 | | 2019 | |
|---------------------|--------------------|------------|--------------------|------------|
| | Consolidated Sales | % | Consolidated Sales | % |
| Seating | 5,559.5 | 38 | 6,973.3 | 39 |
| Interiors | 4,544.4 | 31 | 5,370.2 | 30 |
| Clean Mobility | 3,823.4 | 26 | 4,653.5 | 26 |
| Clarion Electronics | 726.5 | 5 | 771.4 | 4 |
| TOTAL | 14,653.8 | 100 | 17,768.3 | 100 |

4.4 Sales by major customer

Sales * by major customer break down as follows:

| (in € millions) | 2020 | | 2019 | |
|---------------------|--------------------|------------|--------------------|------------|
| | Consolidated Sales | % | Consolidated Sales | % |
| VW Group | 2,427.8 | 17 | 2,452.0 | 14 |
| Ford Group | 1,733.6 | 12 | 2,289.4 | 13 |
| PSA Peugeot Citroën | 1,600.2 | 11 | 2,075.8 | 12 |
| Renault-Nissan | 1,333.0 | 9 | 1,862.1 | 10 |
| FCA | 793.1 | 5 | 1,002.3 | 6 |
| GM | 722.2 | 5 | 878.8 | 5 |
| Daimler | 439.5 | 3 | 526.8 | 3 |
| BMW | 365.2 | 2 | 563.4 | 3 |
| Other | 5,239.3 | 36 | 6,117.8 | 34 |
| TOTAL | 14,653.8 | 100 | 17,768.3 | 100 |

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

4.5 Key figures by geographic area

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

2020

| <i>(in € millions)</i> | France | Germany | Other European countries | North America | South America | Asia | Other countries | Total |
|-----------------------------------|---------|---------|--------------------------|---------------|---------------|---------|-----------------|----------|
| Consolidated Sales | 1,528.2 | 962.9 | 4,480.6 | 3,631.5 | 398.2 | 3,528.1 | 124.3 | 14,653.8 |
| Net property, plant and equipment | 375.7 | 116.1 | 903.1 | 677.6 | 78.6 | 641.1 | 21.1 | 2,813.3 |
| Right-of-use assets | 168.7 | 45.4 | 266.8 | 265.1 | 8.9 | 152.0 | 6.4 | 913.3 |
| Capital expenditure | 107.2 | 21.8 | 133.0 | 124.1 | 11.3 | 74.0 | 3.7 | 475.1 |
| Headcounts as of December 31 | 12,057 | 5,805 | 40,889 | 20,935 | 4,846 | 28,154 | 1,245 | 113,931 |

2019

| <i>(in € millions)</i> | France | Germany | Other European countries | North America | South America | Asia | Other countries | Total |
|-----------------------------------|---------|---------|--------------------------|---------------|---------------|---------|-----------------|----------|
| Consolidated Sales | 2,883.2 | 1,212.1 | 4,546.1 | 4,483.4 | 696.3 | 3,766.0 | 181.1 | 17,768.3 |
| Net property, plant and equipment | 372.1 | 111.1 | 895.7 | 734.7 | 117.4 | 742.2 | 24.3 | 2,997.4 |
| Right-of-use assets | 153.5 | 39.0 | 257.5 | 266.7 | 6.7 | 145.3 | 8.3 | 877.0 |
| Capital expenditure | 140.9 | 19.5 | 186.1 | 179.7 | 15.5 | 133.2 | 5.8 | 680.6 |
| Headcounts as of December 31 | 13,306 | 5,787 | 41,419 | 20,574 | 5,187 | 27,842 | 1,381 | 115,496 |

Note 5 Analysis of operating expenses

5.1 Analysis of operating expenses by function

| (in € millions) | 2020 | 2019 |
|-------------------------------------|-------------------|-------------------|
| Cost of sales | (13,179.0) | (15,286.5) |
| Research and development costs | (342.5) | (420.0) |
| Selling and administrative expenses | (726.1) | (778.5) |
| TOTAL | (14,247.6) | (16,485.0) |

5.2 Analysis of operating expenses by nature

| (in € millions) | 2020 | 2019 |
|---|-------------------|-------------------|
| Purchases consumed | (8,444.2) | (10,277.1) |
| External costs | (1,747.0) | (1,915.7) |
| Personnel costs | (3,480.5) | (3,861.6) |
| Taxes other than on income | (55.5) | (53.9) |
| Other income and expenses | 759.1 | 708.9 |
| Depreciation, amortization and provisions for impairment in value of non-current assets | (1,272.6) | (1,121.0) |
| Charges to and reversals of provisions | (6.9) | 35.4 |
| TOTAL | (14,247.6) | (16,485.0) |

5.3 Personnel costs

| (in € millions) | 2020 | 2019 |
|--------------------------------------|------------------|------------------|
| Wages and salaries * | (2,772.1) | (3,077.5) |
| Payroll taxes | (708.4) | (784.1) |
| TOTAL | (3,480.5) | (3,861.6) |
| * Of which temporary employee costs. | (248.2) | (325.7) |

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

5.4 Research and development costs

| (in € millions) | 2020 | 2019 |
|---------------------------------------|----------------|----------------|
| Research and development costs, gross | (1,187.3) | (1,329.7) |
| Capitalized development costs | 844.8 | 909.7 |
| of which in inventory | 225.5 | 228.5 |
| of which in intangible assets | 619.3 | 681.2 |
| TOTAL | (342.5) | (420.0) |

Development costs are usually capitalized in intangible assets as they are considered as set up costs for the serial parts production, and then amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances. For some specific contracts where the developments works are a separate performance obligation under IFRS 15 the corresponding costs comply with the definition of work in

progress and are capitalized in inventory. These inventories are then expensed (cost of sales) when the corresponding revenue is recognized.

The development costs recognized in the cost of sales (stock decrease and R&D assets depreciation) amount to €703.9 million as of December 31, 2020, vs €658.2 million as of December 31, 2019.

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

| <i>(in € millions)</i> | 2020 | 2019 |
|--|------------------|------------------|
| Amortization of capitalized development costs | (509.4) | (437.8) |
| Provisions for impairment of capitalized development costs | (15.3) | (4.1) |
| Amortization of other intangible assets | (36.0) | (35.9) |
| Depreciation of specific tooling | (8.9) | (11.0) |
| Depreciation and impairment of other property, plant and equipment | (497.5) | (475.2) |
| Depreciation of Right-of-use assets | (205.5) | (157.0) |
| TOTAL | (1,272.6) | (1,121.0) |

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

| <i>(in € millions)</i> | 2020 | 2019 |
|---|--------------|------------|
| Release of provision for impairment of assets | 0.2 | 0.7 |
| Gain on disposals of assets | 1.8 | 0.7 |
| Others ⁽¹⁾ | 178.7 | 1.1 |
| TOTAL | 180.7 | 2.5 |

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

OTHER NON RECURRING OPERATING EXPENSES

| <i>(in € millions)</i> | 2020 | 2019 |
|--|----------------|----------------|
| Other provisions for impairment of assets ⁽²⁾ | (16.7) | 0.0 |
| Reorganization expenses ⁽¹⁾ | (286.0) | (193.9) |
| Impairment of goodwill ⁽²⁾ | (150.0) | 0.0 |
| Losses on disposal of assets | 0.0 | 0.0 |
| Others | (5.0) | (22.4) |
| TOTAL | (457.7) | (216.3) |

⁽¹⁾ As of December 31, 2020, this item includes restructuring costs in the amount of €223.4 and provisions for impairment in value of assets in the amount of €62.6 million and versus respectively, €168.8 million and €25.1 million as of December 31, 2019.

⁽²⁾ Of which €150.0 million of impairment of Clarion Electronics' goodwill (see Note 10C) and €16.1 million of impairment of intangible assets of Clarion Electronics as of December 31, 2020.

RESTRUCTURING

Reorganization costs (€286.0 million) include redundancy and site relocation payments for 6,012 people.

Note 7 Finance costs and Other financial income and expenses

7.1 Finance costs

| (in € millions) | 2020 | 2019 |
|-------------------------|----------------|----------------|
| Finance costs | (156.0) | (152.2) |
| Finance costs on leases | (48.4) | (45.5) |
| TOTAL | (204.3) | (197.7) |

7.2 Other financial income and expenses

| (in € millions) | 2020 | 2019 |
|---|---------------|---------------|
| Impact of discounting pension benefit obligations | (5.8) | (8.3) |
| Changes in the ineffective portion of currency hedges | (0.3) | (3.4) |
| Changes in fair value of currency hedged relating to debt | 2.6 | 0.6 |
| Foreign exchange gains and losses on borrowings | (10.4) | (1.3) |
| Hyperinflation impact (Argentina) | (5.4) | 0.3 |
| Others * | (17.3) | (28.3) |
| TOTAL | (36.6) | (40.4) |

* 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, based on the Group's forecasts.

Deferred tax liabilities are accounted for every taxable temporary differences in relation with investment in subsidiaries, joint ventures and associates unless the Group has the capacity to control the timing of the reversal of temporary differences and if it is probable that they will not be reversed in a predictable future.

In compliance with IFRIC 23, accruals for risk on income tax are part of the income tax within the statement of comprehensive income and of income tax payables within the balance sheet (Note 28).

Corporate income tax can be analyzed as follows:

| (in € millions) | 2020 | 2019 |
|---------------------------------|----------------|----------------|
| Current taxes | | |
| ■ Current corporate income tax | (181.2) | (243.3) |
| Deferred taxes | | |
| ■ Deferred taxes for the period | 57.8 | 76.5 |
| TOTAL | (123.4) | (166.8) |

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> | 2020 | 2019 |
|--|----------------|----------------|
| Pre-tax income of consolidated companies | (185.3) | 793.7 |
| Theoretical Tax (32.02%) | 59.3 | (273.3) |
| Effect of rate changes on deferred taxes recognized on the balance sheet | (30.1) | 15.6 |
| Effect of local rate differences * | 9.9 | 68.7 |
| Tax credits | 3.0 | 6.7 |
| Change in unrecognized deferred tax | (145.0) | 23.4 |
| Permanent differences & others ** | (20.5) | (7.9) |
| Corporate tax recognized | (123.4) | (166.8) |

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

** Mainly due to withholding tax.

The 2020 tax expense includes the recognition of a €20 million deferred tax assets in the United States, and the depreciation of €25 million deferred tax assets in France and Germany.

8.2 Analysis of tax assets and liabilities

| <i>(in € millions)</i> | 2020 | 2019 |
|--------------------------------------|--------------|--------------|
| Current taxes | | |
| ■ Assets | 186.1 | 198.7 |
| ■ Liabilities | (74.2) | (73.0) |
| | 111.9 | 125.7 |
| Deferred taxes | | |
| ■ Assets * | 475.4 | 468.4 |
| ■ Liabilities | (82.0) | (38.7) |
| | 393.4 | 429.7 |
| * Of which tax assets on tax losses. | 152.4 | 155.9 |

The Group considers the recovery of the deferred tax net balance as at December 31, 2020, i.e. €393.4 million, as probable.

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

| <i>(in € millions)</i> | 2020 | 2019 |
|---|--------------|--------------|
| Amount as at the beginning of the year | 429.7 | 328.2 |
| ■ Deferred taxes carried to net income for the period | 57.8 | 76.5 |
| ■ Deferred taxes recognized directly in equity * | 9.6 | 15.9 |
| ■ Effect of currency fluctuations and other movements | (46.9) | 0.8 |
| ■ Effect of scope variations | (56.9) | 8.3 |
| Amount at the end of the year | 393.4 | 429.7 |

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

8.3 Deferred tax assets and liabilities by nature

| <i>(in € millions)</i> | 2020 | 2019 |
|--|--------------|--------------|
| Tax asset carryforwards | 152.4 | 155.9 |
| Intangible assets | (328.5) | (463.8) |
| Other tangible assets and long term assets | 59.7 | 338.3 |
| Pensions | 97.5 | 89.6 |
| Other reserves | 15.0 | 29.3 |
| Stocks | 193.5 | 129.3 |
| Other working capital | 203.7 | 151.1 |
| TOTAL | 393.4 | 429.7 |
| <i>of which deferred tax assets</i> | 475.4 | 468.4 |
| <i>of which deferred tax liabilities</i> | (82.0) | (38.7) |

8.4 Impairment of tax asset carryforwards

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

| <i>(in € millions)</i> | 2020 | 2019 |
|------------------------|--------------|--------------|
| N+1 | 15.1 | 10.3 |
| N+2 | 7.3 | 12.1 |
| N+3 | 11.7 | 10.8 |
| N+4 | 14.1 | 11.3 |
| N+5 and above | 108.3 | 51.6 |
| Unlimited | 417.8 | 481.8 |
| TOTAL | 574.3 | 577.9 |

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). As of December 31, 2020, no stock options were still outstanding.

| | 2020 | 2019 |
|--|--------------------|--------------------|
| Number of shares outstanding at year-end ⁽¹⁾ | 138,035,801 | 138,035,801 |
| Adjustments: | | |
| ■ treasury stock | (499,273) | (1,149,994) |
| ■ weighted impact of share issue prorated | 0 | 0 |
| Weighted average number of shares before dilution | 137,536,528 | 136,885,807 |
| Weighted impact of dilutive instruments: | | |
| ■ free shares attributed | 440,567 | 642,747 |
| ■ bonds with conversion option | 0 | 0 |
| Weighted average number of shares after dilution | 137,977,095 | 137,528,554 |

(1) Changes in the number of shares outstanding as of December 31, 2020, are analyzed as follows:

| | |
|---|--------------------|
| As of December 31, 2019: Number of Faurecia shares outstanding | 138,035,801 |
| Change of number of shares | 0 |
| As of December 31, 2020: Number of Faurecia shares outstanding | 138,035,801 |

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

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

The potentially dilutive impact of free shares is taken into account considering the number of shares to be distributed for the plans of which the realization of the performance conditions has already been stated by the Board.

Earnings per share

Earnings per share break down as follows:

| | 2020 | 2019 |
|--|----------------|--------------|
| Net Income (loss) (in € millions) | (378.8) | 589.7 |
| Basic earnings (loss) per share | (2.75) | 4.31 |
| After dilution | (2.75) | 4.29 |

Note 10A Business Combination – SAS

Following approval from the appropriate regulatory bodies, Faurecia, through its subsidiary Faurecia Automotive GmbH, has acquired the remaining 50% of SAS from Continental on January 30, 2020, a project that was announced on October 14, 2019.

SAS is a key player in complex interior module assembly and logistics with sales of around €740 million in 2019 and employing around 4,490 people. This acquisition reinforces Faurecia's Cockpit of the Future strategy and its systems integration offer which now covers all interior modules as well as functionalities such as lighting and thermal management. It also strengthens Faurecia's *Just in Time* plant network with 20 facilities in Europe, North and South America and China. SAS has an order book showing strong growth potential, and sales growth will be further accelerated through regional and customer diversification particularly in China.

The one-year period during which the amounts assets acquired and liabilities assumed and the related goodwill may be amended has ended on January 31, 2021.

As of December 31, 2020, out of the initial purchase price of €496.3 million (including the revaluation of the 50% share previously held – see Note 6), €285.2 million has been allocated to the net assets acquired, specifically to customer relationships for €230.0 million, and €211.0 million to the goodwill.

SAS accounts have been included in the consolidated financial statements since February 1, 2020. SAS Total contribution to Faurecia's consolidated revenue and operating income (before depreciation of acquired intangible assets) was respectively €600.8 million and €33.8 million for the year 2020.

The table below shows a breakdown of SAS net assets acquired by Faurecia:

| <i>(in € millions)</i> | Fair Values |
|---|--------------------|
| Intangible assets | 250.1 |
| Property, plant and equipment | 83.9 |
| Right-of-use assets | 78.7 |
| Other non current assets | 1.0 |
| TOTAL NON CURRENT ASSETS | 413.6 |
| Inventories, net | 11.5 |
| Contract assets | 89.5 |
| Trade accounts receivable | 533.4 |
| Other Current assets | 83.7 |
| Cash & cash equivalent | 38.3 |
| TOTAL CURRENT ASSETS | 756.3 |
| TOTAL ASSETS | 1,170.0 |
| Non controlling interests | 0.0 |
| Long term provisions and non current liabilities | 1.4 |
| Non current financial liabilities | 0.0 |
| Non current lease liabilities | 64.3 |
| TOTAL NON CURRENT LIABILITIES | 65.8 |
| Trade payables | 547.5 |
| Current provisions | 5.7 |
| Current liabilities | 236.8 |
| Current financial liabilities | 14.6 |
| Current portion of lease liabilities | 14.4 |
| TOTAL CURRENT LIABILITIES | 819.0 |
| TOTAL LIABILITIES | 884.7 |
| Net acquired assets | 285.2 |
| Goodwill | 211.0 |
| Acquisition cost (including fair value of the previously owned participation in SAS) | 496.3 |

Note 10B Business Combination – Clarion

Faurecia, through its subsidiary Hennape Six SAS, had acquired 100% of the shares of Clarion, listed on the Tokyo Stock Exchange, through a tender offer closed on February 28, 2019, followed by a squeeze out closed on March 28, 2019.

The one-year period during which the amounts assets acquired and liabilities assumed and the related goodwill may be amended has ended on March 31, 2020. The changes that have occurred on the opening balance sheet since the December 31, 2019 closing are not significant.

Note 10C 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;
- Clarion Electronics.

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

| <i>(in € millions)</i> | Gross | Impairment | Net |
|---|----------------|-------------------|----------------|
| Amount as of January 1, 2019 | 2,002.8 | (510.7) | 1,492.1 |
| Acquisitions | 651.8 | 0.0 | 651.8 |
| Translation adjustments and other movements | 2.5 | 0.0 | 2.5 |
| Amount as of December 31, 2019 | 2,657.1 | (510.7) | 2,146.4 |
| Acquisitions | 235.3 | 0.0 | 235.3 |
| Provision for impairment | 0.0 | (150.0) | (150.0) |
| Translation adjustments and other movements | (36.0) | 0.2 | (35.8) |
| Amount as of December 31, 2020 | 2,856.4 | (660.5) | 2,195.9 |

Breakdown of the net amount of goodwill by operating segment:

| <i>(in € millions)</i> | 2020 | 2019 |
|------------------------|----------------|----------------|
| Seating | 850.3 | 850.4 |
| Interiors * | 504.7 | 295.2 |
| Clean Mobility | 444.6 | 464.9 |
| Clarion Electronics * | 396.3 | 535.9 |
| TOTAL | 2,195.9 | 2,146.4 |

* See Notes 10.A and 10.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 then recorded for losses to completion on loss-making contracts in compliance with IAS 37.

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

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

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

Within the frame of the impairment tests of goodwill and group of CGUs as defined in Note 10C, the cash flow forecasts used to calculate value in use were based on the Group's 2021-2023 forecasts which were drafted in the last quarter of 2020. The volume assumptions used in the strategic plan are based on worldwide automotive market assumptions of 76.6 millions of cars in 2021, 82.3 millions in 2022 and 85.7 millions in 2023, based themselves on external information sources. In order to take into account the development plan for Clarion Electronics following the acquisition of Clarion in 2019, having as priorities to accelerate the growth on four

product lines and an aggressive roadmap for cost competitiveness, the cash flow forecasts used for this activity are based on detailed forecasts for the period 2021-2025. The impact of a worldwide automotive market assumption 5% lower than the volumes considered by the Group is around 75% of the maximum sensitivity detailed below for the total Group.

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 2023 remains in the range of 8% of sales for the Group as a whole.

Projected cash flows for the last year (2023) 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 2020 test was 1.4% (1.4% applied at the end of 2019), except for Clarion Electronics for which 2% has been considered (2% applied at the end of 2019).

Faurecia called on an independent expert to update the weighted average cost of capital used to discount future cash flows. The market parameters used in the expert's calculation are based on a sample of companies operating in the automotive supplier sector. Taking into account these parameters and a market risk premium of 8% on average, the weighted cost of capital used to discount future cash flows was set at 9.5% (on the basis of a range of values provided by the independent expert) in 2020 (9% in 2019). This rate was applied for the impairment tests carried out on all of the groups of CGUs, as they all bear the same specific risks relating to the automotive supplier sector and the CGUs multinational operation does not justify using geographically different discount rates except for Clarion Electronics, for which a discount rate of 8.75% has been considered to take into account a slightly different country exposure (8% at the end of 2019).

The tests performed as of December 31, 2020 did not show any indication of further impairment in goodwill for Seating, Interiors and Clean Mobility. An impairment of €150 million on the goodwill of Clarion Electronics had been booked on June 30, 2020, the test as of December 31, 2020 has not stated any additional impairment.

The table below shows the sensitivity of the impairment test results to changes in the assumptions used as of December 31, 2020 to determine the value in use of the CGUs groups to which the Group's goodwill is allocated:

| Sensitivity (in € millions) | Test income (value in use - net carrying value) | Cash flow discount rate +0.5 pt | Growth rate to infinity -0.5 pt | Operating margin rate for terminal value -0.5 pt | Combination of the 3 factors |
|--------------------------------|--|---------------------------------------|------------------------------------|--|---------------------------------|
| Seating | 3,101 | (331) | (297) | (312) | (867) |
| Interiors | 1,574 | (226) | (203) | (215) | (594) |
| Clean Mobility | 2,846 | (278) | (250) | (179) | (655) |
| Clarion Electronics | 76 | (117) | (98) | (96) | (231) |

Note 11 Intangible assets

A. Research and development expenditure

The Faurecia group incurs certain development costs in connection with producing and delivering modules for specific customer orders which are considered as set up costs for the serial parts production and capitalized. In accordance with IAS 38, these development costs are recorded as an intangible asset where the Company concerned can demonstrate:

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

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

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

B. Other intangible assets

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

Intangible assets break down as follows:

| <i>(in € millions)</i> | Development costs | Software and other | Intangible assets acquired | Total |
|---------------------------------------|-------------------|--------------------|----------------------------|----------------|
| AMOUNT AS OF JANUARY 1, 2019 | 1,783.4 | 59.0 | 117.0 | 1,959.4 |
| Additions | 683.6 | 3.4 | 0.1 | 687.0 |
| Depreciation and amortization | (437.8) | (35.9) | (56.4) | (530.1) |
| Funding of provisions | (4.0) | 0.0 | 0.0 | (4.0) |
| Translation adjustments and other | 28.4 | 48.9 | 361.3 | 438.6 |
| AMOUNT AS OF DECEMBER 31, 2019 | 2,053.7 | 75.3 | 422.0 | 2,550.9 |
| Additions | 624.3 | 3.2 | 0.0 | 627.5 |
| Depreciation and amortization | (509.4) | (36.0) | (91.7) | (637.1) |
| Funding of provisions | (15.3) | 0.0 | 0.0 | (15.3) |
| Translation adjustments and other | (93.6) | 31.7 | 203.8 | 141.9 |
| AMOUNT AS OF DECEMBER 31, 2020 | 2,059.7 | 74.2 | 534.1 | 2,668.0 |

The book value of development costs allocated to a customer contract as well as the associated specific tooling is compared to the present value of the expected net future cash flows to be derived from the contract based on the best

possible estimate of future sales. The volumes taken into account in Faurecia's Business Plans are the best estimates by the Group's Marketing department based on automakers' forecasts when available.

Note 12A Property, plant and equipment

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

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

In accordance with the amended version of IAS 23, borrowing costs on qualifying assets arising subsequent to January 1, 2009 are included in the cost of the assets concerned. The amount is not significant for the period.

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

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

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

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

| (in € millions) | Land | Buildings | Plant, tooling and equipment | Specific tooling | Other property, plant and equipment and property, plant and equipment in progress | Total |
|--|--------------|--------------|------------------------------|------------------|---|----------------|
| AMOUNT AS OF JANUARY 1, 2019 | 89.9 | 417.8 | 1,699.5 | 27.5 | 549.9 | 2,784.6 |
| Additions (including own work capital) | 0.0 | 1.6 | 66.0 | 15.4 | 597.6 | 680.6 |
| Disposals | (71.8) | (130.4) | (186.6) | (8.3) | (57.2) | (454.3) |
| Depreciation | (0.5) | (52.5) | (379.3) | (11.0) | (48.4) | (491.7) |
| Non-recurring impairment losses | 0.0 | (4.9) | (9.5) | (0.2) | (1.3) | (15.8) |
| Depreciation written off on disposals | 2.5 | 58.4 | 147.0 | 8.6 | 55.8 | 272.4 |
| Currency translation adjustments | 3.2 | 4.9 | 12.9 | 0.1 | 3.3 | 24.3 |
| Scope variations & other movements | 87.5 | 137.4 | 473.1 | (0.6) | (500.1) | 197.3 |
| AMOUNT AS OF DECEMBER 31, 2019 | 110.8 | 432.3 | 1,823.1 | 31.4 | 599.9 | 2,997.4 |
| Additions (including own work capital) | 0.0 | 1.1 | 48.9 | 6.4 | 418.7 | 475.1 |
| Disposals | (4.7) | (62.6) | (168.0) | (3.3) | (24.6) | (263.2) |
| Depreciation | (0.3) | (52.2) | (392.1) | (8.9) | (53.6) | (507.0) |
| Non-recurring impairment losses | (0.2) | (2.3) | (26.3) | 0.0 | (3.1) | (31.9) |
| Depreciation written off on disposals | 1.0 | 37.1 | 151.4 | 3.3 | 26.1 | 219.0 |
| Currency translation adjustments | (3.4) | (19.7) | (94.4) | (0.1) | (23.5) | (141.1) |
| Scope variations & other movements | 1.2 | 51.4 | 400.2 | (0.5) | (387.3) | 65.0 |
| AMOUNT AS OF DECEMBER 31, 2020 | 104.3 | 385.1 | 1,742.9 | 28.5 | 552.6 | 2,813.3 |

| (in € millions) | 2020 | | | 2019 | |
|---|----------------|------------------|----------------|----------------|----------------|
| | Gross | Depreciation | Net | Gross | Net |
| Land | 113.8 | (9.6) | 104.3 | 120.2 | 110.8 |
| Buildings | 1,096.6 | (711.5) | 385.1 | 1,153.2 | 432.3 |
| Plant, tooling and technical equipment | 4,847.1 | (3,104.3) | 1,742.9 | 4,794.6 | 1,823.1 |
| Specific tooling | 156.5 | (128.0) | 28.5 | 156.9 | 31.4 |
| Other property, plant and equipment & property, plant and equipment in progress | 931.6 | (379.0) | 552.6 | 936.2 | 599.9 |
| TOTAL | 7,145.6 | (4,332.4) | 2,813.3 | 7,161.1 | 2,997.4 |

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

Note 12B Right-of-use assets

Lease contracts are accounted for in the balance sheet, through an asset (representing the right to use the leased asset along the contract duration) and a liability (representing the lease future payments obligation), considering the main following principles:

- exemption of contracts with a duration less than 12 months or which value is below €5,000 (corresponding lease payments are still expensed along the contract lifetime);
- the duration of a contract is equal to its non cancellable duration, except if the Group is reasonably certain to exercise the renewal or cancellation options contractually agreed;
- as long as the contract implicit rate can't be easily determined, the discount rate used is the marginal borrowing rate corresponding to the duration of the lease contract, determined based on the lessee and duration concerned;
- as of the effective date (date at which the leased asset is made available by the lessor), lease contracts as defined per IFRS 16 "leases" are accounted for:
 - as fixed assets (right of use) for the amount of the lease liability, increased by advanced payments made to lessor, initial costs incurred, as well as estimated dismantling or refurbishment costs that would be paid by Faurecia based on contractual terms if needed, and
 - as lease liability for the amount of discounted lease payment over the contract duration as defined above, using the discount rate defined above,
 - these right of use are depreciated on a linear basis, on the contract duration or by exception on the utility duration, if this one is shorter or if the contract transfers to the lessee the asset property or if a purchase option exists which is reasonably certain to be exercised by Faurecia,
 - cash flows related to the sale and lease back operations are included in the cash flows provided by investing activities.

| (in € millions) | Land | Buildings | Plant and equipment | Others | Total |
|---------------------------------------|------------|--------------|---------------------|-------------|--------------|
| AMOUNT AS OF JANUARY 1, 2019 | 0.0 | 608.4 | 51.5 | 65.9 | 725.8 |
| New contracts | 0.2 | 214.6 | 39.4 | 43.9 | 298.1 |
| Depreciation | 0.0 | (110.2) | (14.5) | (32.3) | (157.0) |
| Funding of impairment provisions | 0.0 | (4.1) | 0.0 | 0.0 | (4.1) |
| Other movements | 0.0 | 2.5 | 0.5 | 11.1 | 14.1 |
| AMOUNT AS OF DECEMBER 31, 2019 | 0.2 | 711.3 | 77.0 | 88.5 | 877.0 |
| New contracts | 0.0 | 142.1 | 16.9 | 40.8 | 199.8 |
| Depreciation | 0.0 | (144.8) | (18.6) | (42.1) | (205.5) |
| Funding of impairment provisions | 0.0 | (1.1) | 0.0 | 0.0 | (1.1) |
| Other movements | 0.0 | 54.1 | (2.2) | (8.7) | 43.1 |
| AMOUNT AS OF DECEMBER 31, 2020 | 0.2 | 761.5 | 73.1 | 78.5 | 913.3 |

Note 13 Investments in associates

Investment in associates for continued operations:

| (in € millions) | % interest * | Group share of equity ** | Dividends received by the Group | Group share of sales | Group share of Total assets |
|---|--------------|--------------------------|---------------------------------|----------------------|-----------------------------|
| Beijing BAIC Faurecia Automotive Systems Co., Ltd | 50% | 20.7 | 0.0 | 8.8 | 42.6 |
| Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd. | 50% | 6.9 | 0.0 | 40.0 | 29.3 |
| Faurecia-NHK Co., Ltd | 50% | 0.0 | 0.0 | 151.2 | 42.4 |
| Teknik Malzeme Ticaret Ve Sanayi A.S | 50% | 2.4 | 0.0 | 17.1 | 10.6 |
| Symbio | 50% | 70.2 | 0.0 | 2.3 | 106.9 |
| Total Network Manufacturing LLC | 49% | 0.2 | (0.2) | 86.6 | 19.1 |
| Detroit Manufacturing Systems, LLC | 49% | 6.4 | (0.6) | 275.8 | 89.9 |
| Others | - | 70.6 | (6.4) | 288.4 | 185.4 |
| SUB-TOTAL | | 177.4 | (7.3) | 870.3 | 526.2 |
| SAS Group *** | - | N/A | 0.0 | 29.5 | N/A |
| TOTAL | | 177.4 | (7.3) | 899.9 | 526.2 |

* Percent of interest held by the Company that owns the shares.

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

*** SAS group has been fully consolidated the February 1, 2020 (see Notes 2.1&10A).

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

13.1 Change in investments in associates

| (in € millions) | 2020 | 2019 |
|---|--------------|--------------|
| Group share of equity at beginning of period | 240.3 | 144.2 |
| Dividends | (7.3) | (27.8) |
| Share of net income of associates | (12.8) | 37.8 |
| Change in scope of consolidation | (47.2) | 76.3 |
| Capital increase | 7.5 | 9.9 |
| Currency translation adjustments | (3.1) | (0.1) |
| Group share of equity at end of period | 177.4 | 240.3 |

Note 14 Other equity interests

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

appropriate. The criteria generally applied are the Group's equity in the underlying net assets and the earnings outlook of the Company concerned.

| (in € millions) | % of share capital | 2020 | | 2019 |
|-----------------------------------|--------------------|-------------|-------------|-------------|
| | | Gross | Net | Net |
| Changchun Xuyang Industrial Group | 18.8 | 12.1 | 12.1 | 12.3 |
| TactoTek Oy | 9.0 | 6.6 | 6.6 | 5.8 |
| Guardknox Cyber Technologies Ltd | 7.0 | 5.4 | 5.4 | 5.4 |
| Canatu Oy | 8.0 | 7.0 | 7.0 | 7.0 |
| Other | | 32.7 | 22.7 | 29.9 |
| TOTAL | | 63.8 | 53.8 | 60.4 |

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) | 2020 | | | 2019 |
|--|--------------|---------------|--------------|-------------|
| | Gross | Provisions | Net | Net |
| Loans with maturity longer than one year | 55.3 | (17.3) | 38.0 | 37.4 |
| Others | 70.8 | (4.1) | 66.7 | 34.0 |
| TOTAL | 126.1 | (21.4) | 104.7 | 71.4 |

Note 16 Other non-current assets

This item includes:

| (in € millions) | 2020 | 2019 |
|------------------------------|-------------|-------------|
| Pension plan surpluses | 24.0 | 29.0 |
| Guarantee deposits and other | 46.5 | 41.1 |
| TOTAL | 70.5 | 70.1 |

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, and specific development work which is sold to customers and corresponding to the definition of work in progress when the contract enables to consider that these developments are a specific performance obligation under IFRS 15. These costs are expensed (cost of sales) over the period in which the corresponding revenue is recognized, ie at transfer of control of these development works to the customer.

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

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

| (in € millions) | 2020 | | | 2019 |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | Gross | Depreciations | Net | Net |
| Raw materials and supplies | 615.5 | (130.8) | 484.7 | 486.2 |
| Engineering, tooling and prototypes | 581.6 | (11.8) | 569.8 | 503.0 |
| Work in progress for production | 7.6 | 0.0 | 7.6 | 7.1 |
| Semi-finished and finished products | 475.5 | (106.3) | 369.2 | 427.5 |
| TOTAL | 1,680.2 | (248.9) | 1,431.3 | 1,423.8 |

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, 2020, 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> | 2020 | 2019 |
|---|---------|---------|
| Financing | 1,011.0 | 1,027.6 |
| Guarantee reserve deducted from borrowings | (38.8) | (10.8) |
| Cash received as consideration for receivables sold | 972.2 | 1,016.8 |
| Receivables sold and derecognized | (972.2) | (952.7) |

Individually impaired trade receivables are as follows:

| <i>(in € millions)</i> | 2020 | 2019 |
|---|----------------|----------------|
| Gross total trade receivables | 3,267.8 | 2,626.4 |
| Provision for impairment of receivables | (30.7) | (17.5) |
| TOTAL | 3,237.1 | 2,608.9 |
| <i>of which SAS</i> | 308.6 | N/A |

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, 2020 were €123.2 million, breaking down as follows:

■ €56.5 million less than one month past due;

- €17.0 million between one and two months past due;
- €11.1 million between two and three months past due;
- €8.7 million between three and six months past due;
- €29.9 million more than six months past due.

Note 19 Other operating receivables

| <i>(in € millions)</i> | 2020 | 2019 |
|-------------------------------------|--------------|--------------|
| Down payments | 104.7 | 87.5 |
| Currency derivatives for operations | 10.2 | 9.0 |
| Other receivables ⁽¹⁾ | 248.5 | 263.9 |
| TOTAL | 363.4 | 360.4 |

(1) Including the following amounts for VAT and other tax receivables.

241.9 259.0

Note 20 Other receivables

| <i>(in € millions)</i> | 2020 | 2019 |
|-----------------------------|--------------|--------------|
| Short-term portion of loans | 1.9 | 12.7 |
| Prepaid expenses | 619.8 | 557.2 |
| Current taxes | 186.1 | 198.7 |
| Other sundry receivables | 48.6 | 70.6 |
| TOTAL | 856.4 | 839.2 |

In 2020, the receivables *Crédit d'Impôt Recherche* (CIR) have been sold for an amount of €56.3 million vs €72.4 million in 2019.

Note 21 Cash and cash equivalents

Cash and cash equivalents include current account balances in the amount of €2,248.8 million (compared to €2,177.9 million in 2019) and short-term investments (including marketable securities) in the amount of €842.6 million (compared to €141.5 million in 2019), or a total of €3,091.4 million as of December 31, 2020.

These components include cash at bank, current account balances, marketable securities such as money market and

short-term money market funds, deposit and very short term risk free securities that are readily sold or converted into cash. Cash equivalents are investments held for the purpose of meeting short term cash commitments and are subject to an insignificant risk of change in value.

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

Note 22 Shareholders' equity

22.1 Capital

As of December 31, 2020, Faurecia's capital stock totaled €966,250,607 divided into 138,035,801 fully paid-up shares with a par value of €7 each.

The Group's capital is not subject to any external restrictions. Double voting rights are granted to all shares for which a nominative registration can be confirmed, for at least two years in the name of the same shareholder.

As of December 31, 2020, Peugeot S.A. held 39.34% of the capital stock and 56.02% of the voting rights. As of January 12, 2021, further to the merger operations between PSA and FCA (cf. note 2.3), Peugeot S.A. holds 38.91% of the voting rights.

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

| | Number of shares | Capital <i>(en € millions)</i> | Additional paid-in capital <i>(en € millions)</i> |
|---------------------------------------|-------------------------|--|---|
| Amount as of January 1, 2020 | 138,035,801 | 966.3 | 604.0 |
| Exercise of stock options | - | - | - |
| Amount as of December 31, 2020 | 138,035,801 | 966.3 | 604.0 |

22.2 Share-based payment

FREE SHARE GRANT

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

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 €15.8 million, compared to €18.9 million in 2019.

Details of the share grant plans as of December 31, 2020 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-transferability discount | | | |
| 05/29/2018 | 07/19/2018 | 358,274 | 465,760 | 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 | |
| 05/28/2019 | 10/09/2019 | 828,960 | 1,078,310 | 2021 after tax income target as stated in strategic plan when granted, Faurecia earning per share growth compared to a reference group of companies and percentage of diversity men-women within the management population | 39.20 | 2.50% | NA | 10/09/2023 | 10/09/2023 | |
| 06/26/2020 | 10/22/2020 | 1,045,030 | 1,359,070 | 2022 after tax income target as stated in strategic plan when granted, Faurecia earning per share growth compared to a reference group of companies and percentage of diversity men-women within the management population | 38.68 | 2.90% | NA | 10/22/2024 | 10/22/2024 | |

* Net of free shares granted cancelled.

The performance conditions for the plan attributed by the Board of July 25, 2016 have been met, the corresponding shares, i.e. 631,721 have been definitely distributed in July 2020. The performance conditions for the plan attributed by the Board of July 20, 2017 have been met, the corresponding shares, ie 440,567 will be definitely distributed in July 2021.

22.3 Treasury stock

As of December 31, 2020, Faurecia held 499,273 treasury stock shares.

The cost of the shares held in treasury stock as of December 31, 2020 totaled €19.1 million, representing an average cost of €38.2 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> | 2020 | 2019 |
|---|--------------|--------------|
| Amount as at beginning of the period | 326.8 | 361.6 |
| Increase in minority shareholder interests | 2.2 | 0.0 |
| Other changes in scope of consolidation | (0.3) | (72.5) |
| Minority interests in net income for the year | 57.3 | 75.0 |
| Dividends allocated to minority interests | (35.3) | (40.6) |
| Currency translation adjustments | (19.3) | 3.3 |
| Amount as the end of the year | 331.4 | 326.8 |

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> | 2020 | 2019 |
|--|--------------|--------------|
| Restructuring | 180.9 | 76.9 |
| Risks on contracts and customer warranties | 78.3 | 113.8 |
| Litigation | 26.2 | 15.0 |
| Other provisions | 30.0 | 54.7 |
| TOTAL | 315.4 | 260.4 |

Changes in these provisions in 2020 were as follows:

| <i>(in € millions)</i> | Amount as of January 1, 2020 | Additions | Expenses charged | Reversal * | Sub Total changes | Change in scope of consolidation and other changes | Amount as of December 31, 2020 |
|--|---|------------------|-----------------------------|-------------------|------------------------------|---|---|
| Restructuring | 76.9 | 206.9 | (99.0) | 0.0 | 107.9 | (3.9) | 180.9 |
| Risks on contracts and customer warranties | 113.8 | 36.0 | (54.2) | (0.9) | (19.1) | (16.4) | 78.3 |
| Litigation | 15.0 | 8.6 | (9.6) | (1.9) | (2.9) | 14.1 | 26.2 |
| Other provisions | 54.7 | 5.0 | (2.9) | (0.4) | 1.7 | (26.4) | 30.0 |
| TOTAL | 260.4 | 256.5 | (165.7) | (3.2) | 87.6 | (32.6) | 315.4 |

* 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 anticompetitive practices in this market. Faurecia was 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;
- an agreement has been reached with the Competition Commission of South Africa for a non material amount and made public on May 18, 2020, putting an end to this enquiry on Faurecia.

On the status of the class actions related to the inquiry of the United States Department of Justice:

- in the United-States, 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;
- in Canada, two class actions for similar allegations have been filed. They have been subject to agreements for non-material amounts. These agreements are under validation by the court.

All the inquiries that have been initiated are now closed.

In 2014, the Alliance of Artists and Recording Companies, Inc. or AARC (an organisation protecting copyrights in the USA) filed two consolidated cases in the United States District Court for the District of Columbia (the "District Court") seeking damages and an injunction against a group of automotive manufacturers and suppliers, including Clarion Corporation of America (a 100% subsidiary of Clarion Co. Ltd) for one of the cases (the "Case"). In the Case, AARC alleged that the defendants were distributing in-vehicle navigation systems in violation of the Audio Home Recording Act of 1992, in part, because no royalties were paid pursuant to the Act. The Case centers on whether the systems are "digital audio recording devices" that are capable of making "digital audio copied recordings" as defined by the statute. On March 23, 2018, the District Court issued summary judgment in favor of Clarion and ruled that Clarion's navigation systems are not "digital audio recording devices" because they are not capable of producing a "digital audio copied recording" under the statute's definitions.

In September 2018, AARC appealed the District Court's summary judgment opinion to the United States Court of Appeals for the District of Columbia Circuit (the "D.C. Circuit") on similar grounds argued at the District Court. Clarion along with the other defendants filed an opposing appeal brief supporting affirmance of the District Court's opinion.

On January 28, 2020, the D.C. Circuit's three-judge panel unanimously affirmed the District Court's summary judgment in Clarion's favor, ruling that automakers and manufacturers of certain onboard vehicle systems (which include Clarion's systems), comprised of hard drives, computer programs and databases, were not liable for damages or royalty payments under the Audio Home Recording Act of 1992, 17 U.S.C. § 1001, et. Seq.

In the absence of petition to the D.C. Circuit for a rehearing or appeal to the U.S. Supreme Court from the plaintiffs within the adequate timeframe, the Case is considered as being definitively concluded.

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> | 2020 | 2019 |
|---|--------------|--------------|
| Provisions for pensions and other employee obligations | 515.3 | 461.6 |
| ■ Pension plan benefit obligations | 267.4 | 234.3 |
| ■ Post-retirement benefit obligations | 208.1 | 184.3 |
| ■ Long-service awards | 29.5 | 28.8 |
| ■ Healthcare costs | 10.3 | 14.2 |
| TOTAL | 515.3 | 461.6 |

CHANGES IN NON-CURRENT PROVISIONS

| <i>(in € millions)</i> | 2020 | 2019 |
|---|--------------|--------------|
| Amount as at the beginning of the period | 461.6 | 393.3 |
| Changes in scope of consolidation | 1.4 | 50.6 |
| Other movements | (11.2) | 13.4 |
| Allowance (or reversal) of provision | 35.3 | (0.4) |
| Expenses charged to the period | (19.4) | (16.4) |
| Payment to external funds | (6.6) | (5.8) |
| Restatement differences | 54.3 | 26.9 |
| Amount as at the end of the period | 515.3 | 461.6 |

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 at the opening of the period. This return is recorded in "Other financial income and expense".

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

BENEFIT OBLIGATIONS*(in € millions)*

| | 2020 | 2019 |
|--|--------------|--------------|
| Present value of projected obligations | | |
| ■ Pension plan benefit obligations | 489.9 | 468.2 |
| ■ Post-retirement indemnities obligations | 222.3 | 201.0 |
| ■ Long-service awards | 29.5 | 28.8 |
| ■ Healthcare costs | 10.3 | 14.2 |
| TOTAL | 752.0 | 712.2 |
| Value of plan assets: | | |
| ■ Provisions booked in the accounts | 515.3 | 461.6 |
| ■ External funds (market value) ⁽¹⁾ | 260.7 | 279.7 |
| ■ Plan surplus ⁽²⁾ | (24.0) | (29.1) |
| TOTAL | 752.0 | 712.2 |

(1) External funds mainly cover pension plan benefit obligations for €246.5 million in 2020.

(2) Pensions plan surpluses are included in Other non-current assets.

PENSION BENEFIT OBLIGATIONS**A – Description of the plans**

In France, all managerial employees with a salary in tranche C are granted a defined benefit pension scheme, for which the rights acquired as of December 31, 2019 have been frozen, in order to comply with the PACTE law from May 22, 2019. Executive Committee members who have an employment contract with Faurecia SE or any of its subsidiaries also benefit from a defined benefit pension scheme for French members and defined contribution pension scheme for foreign members, the rights acquired as of December 31, 2019 in the defined benefit pension scheme for French members have also been frozen, in order to comply with the PACTE law from May 22, 2019.

In the United States, the two remaining plans, already closed to new participants, were combined as of January 1, 2020. The combined pension plan covers 902 participants.

In Germany, the main defined benefit pension plan still open covers 5,210 participants. The benefit granted is based on the number of years of service, starting after 14 years.

In Japan, the main defined benefit plan covers 2,128 participants. Benefits are based on years of service and paid at the end of the contract or upon reaching the age of 60.

B – Assumptions used

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

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

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

(in %)

| | Euro zone | United Kingdom | USA | Japan |
|-----------------------|--------------|----------------|--------------|--------------|
| DISCOUNT RATE | | | | |
| 2020 | 0.65% | 1.30% | 1.92% | 0.32% |
| 2019 | 1.20% | 2.20% | 2.79% | 0.20% |
| INFLATION RATE | | | | |
| 2020 | 1.80% | 2.95% | N/A | N/A |
| 2019 | 1.80% | 3.10% | N/A | N/A |

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

In the United States, the pension benefit obligations are not sensitive to the inflation rate.

The average duration of the various plans is as follows:

| (in number of years) | Euro zone | United Kingdom | USA | Japan |
|----------------------|-----------|----------------|-----|-------|
| Average duration | 16.1 | 22.3 | 7.6 | 9.3 |

C – Information on external funds

External funds are invested as follows:

| (in %) | 2020 | | | 2019 | | |
|----------------|----------|-------|--------|----------|-------|--------|
| | Equities | Bonds | Others | Equities | Bonds | Others |
| France | 24% | 68% | 8% | 26% | 66% | 8% |
| United Kingdom | 32% | 62% | 6% | 38% | 60% | 2% |
| United States | 54% | 38% | 8% | 62% | 30% | 8% |
| Japan | 58% | 28% | 14% | 45% | 38% | 17% |

The fair value of shares and bonds falls in the level 1 category (price quoted in active markets) in 2020.

D – Provisions for pension liabilities recognized on the balance sheet

| (in € millions) | 2020 | | | 2019 | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | France | Abroad * | Total | France | Abroad | Total |
| Amount as at the beginning of the period | 164.4 | 225.1 | 389.5 | 166.8 | 167.8 | 334.6 |
| Effect of changes in scope of consolidation (provision net of plan surpluses) | 0.9 | 0.5 | 1.4 | 1.0 | 49.5 | 50.5 |
| Additions | 12.8 | 19.2 | 32.0 | 16.5 | 2.1 | 18.6 |
| Expenses charged to the provision | (3.6) | (12.6) | (16.2) | (4.0) | (9.7) | (13.7) |
| Payments to external funds | (1.7) | (4.9) | (6.6) | (0.6) | (5.2) | (5.8) |
| Actuarial gains/(losses) | 6.7 | 49.8 | 56.5 | 8.5 | 18.9 | 27.4 |
| Other movements | 0.1 | (5.2) | (5.1) | (23.8) | 1.7 | (22.1) |
| Amount as at the end of the period | 179.6 | 271.9 | 451.5 | 164.4 | 225.1 | 389.5 |

* The provision for €271.9 million as of December 31, 2020 relates mainly to Germany (€161.8 million).

E – Changes in pension liabilities

In France, retirement commitments increased by €14.9 million at the closing compared to that of the previous year as detailed below:

| (in € millions) | 2020 | | | 2019 | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | France | Abroad | Total | France | Abroad | Total |
| PROJECTED BENEFIT OBLIGATION | | | | | | |
| Amount as at the beginning of the period | 181.5 | 487.6 | 669.1 | 187.5 | 344.5 | 532.0 |
| Service costs | 10.8 | 15.9 | 26.7 | 13.4 | 14.0 | 27.4 |
| Annual restatement | 2.2 | 7.5 | 9.7 | 3.8 | 9.3 | 13.1 |
| Benefits paid | (7.0) | (25.3) | (32.3) | (7.7) | (17.3) | (25.0) |
| Actuarial gains/(losses) | 7.9 | 46.7 | 54.6 | 7.6 | 37.5 | 45.1 |
| Other movements (including translation adjustment) | 1.0 | (16.6) | (15.6) | 1.0 | 120.6 | 121.6 |
| Curtailments and settlements | 0.0 | 0.0 | 0.0 | (0.3) | (21.0) | (21.3) |
| Effect of closures and plan amendments | 0.0 | 0.0 | 0.0 | (23.8) | 0.0 | (23.8) |
| Amount as at the end of the period | 196.4 | 515.8 | 712.3 | 181.5 | 487.6 | 669.1 |
| VALUE OF PLAN ASSETS | | | | | | |
| Amount as at the beginning of the period | 17.1 | 262.5 | 279.6 | 20.7 | 176.7 | 197.4 |
| Projected return on plan assets | 0.2 | 4.2 | 4.4 | 0.4 | 5.1 | 5.5 |
| Actuarial gains/(losses) | 1.2 | (3.1) | (1.9) | (0.9) | 18.6 | 17.7 |
| Other movements (including translation adjustment) | 0.0 | (11.9) | (11.9) | 0.0 | 69.4 | 69.4 |
| Employer contributions | 1.7 | 4.9 | 6.6 | 0.6 | 5.2 | 5.8 |
| Benefits paid | (3.4) | (12.7) | (16.1) | (3.7) | (7.6) | (11.3) |
| Curtailments and settlements | 0.0 | 0.0 | 0.0 | 0.0 | (4.9) | (4.9) |
| Effect of closures and plan amendments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amount as at the end of the period | 16.8 | 243.9 | 260.7 | 17.1 | 262.5 | 279.6 |
| BALANCE OF PROVISIONS AS AT THE END OF THE PERIOD | 179.6 | 271.9 | 451.6 | 164.4 | 225.1 | 389.5 |
| TOTAL CHANGE EXPENSED AT THE END OF THE YEAR | 12.8 | 19.2 | 32.0 | 16.5 | 2.1 | 18.6 |

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) | 2020 | | |
|--|--------------|---------------|---------------|
| | France | Abroad | Total |
| Detail of actuarial gains and losses of the period: | | | |
| ■ differences linked to financial assumptions | (7.9) | (51.0) | (58.9) |
| ■ differences linked to demographic assumptions | 0.0 | 4.3 | 4.3 |
| ■ other differences | 1.2 | (3.1) | (1.9) |
| TOTAL | (6.7) | (49.8) | (56.5) |

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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 | (2.4)% | +2.3% |
| Germany | (4.7)% | +1.2% |

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) | 2020 | 2019 |
|-------------------|-------------|-------------|
| French companies | 6.1 | 5.9 |
| Foreign companies | 23.4 | 22.9 |
| TOTAL | 29.5 | 28.8 |

25.4 Healthcare costs

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

The related liability can be analyzed as follows:

| (in € millions) | 2020 | 2019 |
|-------------------|-------------|-------------|
| Foreign companies | 10.3 | 14.2 |
| TOTAL | 10.3 | 14.2 |

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

| (in %) | Discount rate +0.25 pt | Healthcare cost trend rate +1 pt |
|------------------------------|---------------------------|-------------------------------------|
| Projected benefit obligation | (2.3)% | +7.5% |

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

| (in € millions) | 2020 | 2019 |
|-----------------|--------------|--------------|
| Service cost | 0.0 | (0.1) |
| Interest cost * | (0.4) | (0.6) |
| TOTAL | (0.4) | (0.7) |

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

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

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

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

Note 26 Net debt

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

26.1 Analysis of net debt

| <i>(in € millions)</i> | 2020 | 2019 |
|---|----------------|----------------|
| Bonds | 3,106.1 | 2,114.6 |
| Bank borrowings | 1,076.3 | 943.7 |
| Other borrowings | 30.5 | 28.8 |
| Non-current lease liabilities | 794.0 | 732.3 |
| Non-current derivatives | 9.9 | 6.0 |
| SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES | 5,016.8 | 3,825.4 |
| Current portion of long term debt | 52.0 | 122.1 |
| Current portion of lease liabilities | 182.2 | 173.7 |
| Short-term borrowings ⁽¹⁾ | 963.9 | 722.7 |
| Current derivatives | 7.2 | 1.3 |
| SUB-TOTAL CURRENT FINANCIAL LIABILITIES | 1,205.3 | 1,019.8 |
| TOTAL FINANCIAL LIABILITIES | 6,222.1 | 4,845.2 |
| Derivatives classified under non-current and current assets | (2.6) | (1.8) |
| Cash and cash equivalents | (3,091.4) | (2,319.4) |
| NET DEBT | 3,128.1 | 2,524.0 |
| Net cash and cash equivalent | 3,091.4 | 2,319.4 |
| <i>(1) Including bank overdrafts</i> | 22.7 | 80.5 |

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

| <i>(in € millions)</i> | Balance as of December 31, 2019 | Impact on cash | Translation adjustments | Impact of fair value changes | Change in consolidation scope and other changes | Balance as of December 31, 2020 |
|---|---------------------------------|------------------|-------------------------|------------------------------|---|---------------------------------|
| Bonds | 2,114.6 | 984.7 | 0.0 | 6.8 | 0.0 | 3,106.1 |
| Bank borrowings | 943.7 | 1,653.5 | (1.9) | (26.6) | (1,492.3) | 1,076.3 |
| Other borrowings | 28.8 | 0.0 | 0.0 | 1.9 | (0.2) | 30.5 |
| Non-current lease liabilities | 732.3 | 0.0 | (36.8) | 0.4 | 98.1 | 794.0 |
| Non-current derivatives | 6.0 | 3.8 | 0.0 | 0.0 | 0.0 | 9.9 |
| SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES | 3,825.4 | 2,642.1 | (38.8) | (17.5) | (1,394.4) | 5,016.8 |
| Current portion of long term debt | 122.1 | (1,520.3) | (5.7) | 0.0 | 1,456.0 | 52.0 |
| Current portion of lease liabilities | 173.7 | (183.5) | (7.5) | 0.1 | 199.5 | 182.2 |
| Short-term borrowings | 722.7 | 202.0 | (24.2) | 0.3 | 63.0 | 963.8 |
| Current derivatives | 1.3 | (0.1) | 0.0 | 6.1 | 0.0 | 7.2 |
| SUB-TOTAL CURRENT FINANCIAL LIABILITIES | 1,019.8 | (1,502.0) | (37.5) | 6.5 | 1,718.5 | 1,205.3 |
| TOTAL FINANCIAL LIABILITIES | 4,845.2 | 1,140.0 | (76.2) | (11.0) | 324.1 | 6,222.1 |
| Derivatives classified under non-current and current assets | (1.8) | 0.0 | 0.0 | (0.8) | 0.0 | (2.6) |
| Cash and cash equivalents | (2,319.4) | (828.8) | 96.3 | 0.0 | (39.5) | (3,091.4) |
| TOTAL | 2,524.0 | 311.3 | 20.1 | (11.8) | 284.7 | 3,128.1 |

26.2 Maturities of long-term debt

| <i>(in € millions)</i> | 2022 | 2023 | 2024 | 2025 | 2026 and beyond | Total |
|--------------------------------------|--------------|--------------|--------------|----------------|-----------------|----------------|
| Bonds | 0.0 | 0.0 | 0.0 | 975.0 | 2,131.1 | 3,106.1 |
| Bank borrowings | 382.2 | 207.9 | 307.4 | 167.4 | 11.4 | 1,076.3 |
| Other borrowings | 30.5 | 0.0 | 0.0 | 0.0 | 0.0 | 30.5 |
| Non-current lease liabilities | 156.0 | 131.7 | 109.6 | 92.4 | 304.3 | 794.0 |
| Non-current derivatives | 2.8 | 2.6 | 4.5 | 0.0 | 0.0 | 9.9 |
| TOTAL AS OF DECEMBER 31, 2020 | 571.5 | 342.2 | 421.5 | 1,234.8 | 2,446.8 | 5,016.8 |

26.3 Financing

The main components of Faurecia financing are described below:

SYNDICATED CREDIT FACILITY

On December 15, 2014, Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, 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.

A first one-year extension option has been exercised in June 2019, extending the maturity of this credit facility to June 2024.

In order to secure the liquidity of the Group during the Covid-19 crisis, €600 million have been drawn down in March 2020. This amount has been reimbursed in full in September 2020; the drawn part of this facility was then nil as of December 31, 2020.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt ⁽¹⁾/EBITDA ⁽²⁾ must be lower than 2.79 ⁽³⁾. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2020, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 35% of the Group's Total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

SCHULDSCHEINDARLEHEN

Faurecia has signed on December 17, 2018 a private placement under German law (*Schuldscheindarlehen*) for a total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of four, five and six years. €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.

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

¥30 BILLION CREDIT FACILITY

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

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

As of December 31, 2020, the drawn amount was at ¥20 billion, representing €158.1 million.

This credit facility benefits from the same restrictions as the €1.2 billion credit facility.

€800 MILLION CREDIT FACILITY FOR 18 MONTHS

On April 10, 2020, in order to secure the liquidity of the Group, Faurecia has signed a credit facility for an amount of €800 million with four banks. This credit facility is a term loan with an 18 months maturity. The loan has been fully drawn.

This credit facility benefited from the same restrictions as the €1.2 billion credit facility. It didn't benefit from a state guarantee.

This credit facility has been fully repaid on July 31, 2020, with the proceeds of the issues, on one side, of additional 2025 bonds and on the other side, of 2028 bonds, for a total amount of €1,000 million, on the same date.

2025 BONDS

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

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

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

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

(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.

(3) This limit was previously at 2.50 and has been changed to 2.79 to take into account the implementation of IFRS 16.

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

As of December 31, 2020, the total amount of these 2025 bonds amounted to €1,000 million.

2026 BONDS

On March 27, 2019, Faurecia issued bonds for an amount of €500 million due June 15, 2026, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2019.

These bonds benefit from the same restrictions as the 2025 bonds.

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

The bonds are listed on the *Global Exchange Market* of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

In order to prefinance the acquisition of 50% of SAS shares, an additional issue for €250 million of these 2026 bonds has been done on October 31, 2019. These additional bonds have been issued at 104.50% of the par, which corresponds to a yield to maturity of 2.40%.

As of December 31, 2020, the amount of these 2026 bonds amounted to €750 million.

2027 BONDS

On November 27, 2019, Faurecia issued bonds for an amount of €700 million due June 15, 2027, carrying annual interest of 2.375%, payable on June 15 and December 15 each year, as from June 15, 2020.

These bonds benefit from the same restrictions as the 2026 bonds.

The proceeds of these bonds have been used to refinance the €700 million bonds due June 15, 2023 carrying annual interest of 3.625%, issued on April 1, 2016.

This refinancing has been done through a tender offer through which 2023 bond holders could exchange their bonds against new 2027 bonds. The success rate of exchange has reached 76%. The bonds that were not tendered in this offer have been redeemed in accordance with the offering memorandum. The settlement of these two operations has taken place respectively on November 25 and November 28, 2019.

The exchange premium for bonds tendered in the offer is amortized over the duration of the new 2027 bonds; the repayment premium for bonds redeemed by anticipation has been expensed in the year 2019.

The bonds are listed on the *Global Exchange Market* of Euronext Dublin. Costs related to the bond issue are expensed in P&L over the life time of the bonds.

2028 BONDS

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

These bonds benefit from the same restrictions as the 2027 bonds.

The bonds are listed on the *Global Exchange Market* of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

Finally, during 2020, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France. As of December 31, 2020, the outstanding amount was €780.5 million.

On June 12, 2020, Fitch has confirmed the BB+ rating of Faurecia, with a negative outlook. On June 19, 2020 Standard & Poor's has downgraded Faurecia rating from BB+ to BB with a stable outlook, and Moody's has downgraded Faurecia rating from Ba1 to Ba2, with a stable outlook.

The Group's global contractual maturity schedule as of December 31, 2020 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 | 104.7 | | 104.7 | | | | 104.7 | |
| Loans and receivables | 70.5 | | 70.5 | | | | 70.5 | |
| Trade accounts receivables | 3,237.1 | | 3,237.1 | 3,150.4 | 55.5 | 31.2 | | |
| Cash and cash equivalents | 3,091.4 | | 3,091.4 | 3,091.4 | | | | |
| Interests on: | | | | | | | | |
| 2025 Bonds | | (1.1) | (118.1) | | (13.1) | (13.1) | (91.9) | |
| 2026 Bonds | | (0.7) | (125.0) | | (11.7) | (11.7) | (85.9) | (15.6) |
| 2027 Bonds | | (1.0) | (116.4) | | (8.3) | (8.3) | (66.5) | (33.3) |
| 2028 Bonds | | (1.1) | (196.9) | | (13.1) | (13.1) | (105.0) | (65.6) |
| Schuldschein | | (0.4) | (42.1) | (3.5) | (3.5) | (7.1) | (27.9) | |
| Other long term borrowings | | (0.4) | (26.4) | (2.6) | (2.6) | (4.6) | (15.9) | (0.7) |
| Current portion of lease liabilities | | (182.2) | (182.2) | (45.6) | (45.6) | (91.0) | | |
| Other current financial liabilities | | (985.8) | (985.8) | (346.5) | (545.0) | (94.3) | | |
| Trade accounts payables | | (6,016.4) | (6,016.4) | (5,932.5) | (71.5) | (12.4) | | |
| Bonds (excluding interest) | | | | | | | | |
| 2025 Bonds | | (975.0) | (975.0) | | | | (975.0) | |
| 2026 Bonds | | (753.9) | (753.9) | | | | | (753.9) |
| 2027 Bonds | | (682.4) | (682.4) | | | | | (682.4) |
| 2028 Bonds | | (694.8) | (694.8) | | | | | (694.8) |
| Bank borrowings | | | | | | | | |
| Schuldschein | | (685.3) | (685.3) | | | | (685.3) | |
| Others | | (288.7) | (288.7) | | | (1.4) | (287.3) | |
| Other borrowings | | (180.0) | (180.0) | | | (69.9) | (105.1) | (5.1) |
| Non-current lease liabilities | | (794.0) | (794.0) | | | | (489.7) | (304.3) |
| Interest rate derivatives | | (9.9) | (9.9) | 0.0 | 0.0 | 0.0 | (9.9) | 0.0 |
| ■ o/w cash flow hedges | | (9.9) | (9.9) | | | | (9.9) | |
| ■ o/w derivatives not qualifying for hedge accounting under IFRS | | 0.0 | 0.0 | | | | | |
| Currency hedges | 12.8 | (9.8) | 3.1 | 7.7 | 1.6 | 0.6 | (6.8) | 0.0 |
| ■ o/w fair value hedges | 2.6 | (0.4) | 2.2 | 2.2 | | | | |
| ■ o/w cash flow hedges | 10.2 | (9.3) | 0.9 | 5.5 | 1.6 | 0.6 | (6.8) | |
| ■ o/w derivatives not qualifying for hedge accounting under IFRS | 0.0 | (0.1) | (0.1) | (0.1) | | | | |
| TOTAL | 6,516.5 | (12,262.9) | (6,366.6) | (81.3) | (657.4) | (295.2) | (2,777.1) | (2,555.6) |

26.4 Analysis of borrowings

As of December 31, 2020, the variable rate borrowings were 28.8% of borrowings before taking into account the impact of hedging.

(in € millions)

2020

| | | |
|--------------------------|----------------|---------------|
| Variable rate borrowings | 1,791.2 | 28.8% |
| Fixed rate borrowings | 4,430.9 | 71.2% |
| TOTAL | 6,222.1 | 100.0% |

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

| <i>(in € millions)</i> | 2020 | | 2019 | |
|------------------------|----------------|---------------|----------------|---------------|
| Euros | 4,978.8 | 80.0% | 3,969.0 | 81.9% |
| US Dollars | 595.5 | 9.6% | 292.0 | 6.0% |
| Japanese Yen | 346.8 | 5.6% | 212.9 | 4.4% |
| Other currencies | 301.0 | 4.8% | 371.3 | 7.7% |
| TOTAL | 6,222.1 | 100.0% | 4,845.2 | 100.0% |

In 2020, the weighted average interest rate on gross outstanding borrowings was 2.86%.

Note 27 Trade payables, accrued taxes and payroll costs

27.1 Trade payables

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

- Faurecia suppliers are entering a factoring contract with the factor, for the receivables they have towards Faurecia;

- Faurecia signs a contract with the factor in which Faurecia commits to pay these invoices at the contractual payment term to the factor (once the invoices have been validated).

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

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

| <i>(in € millions)</i> | 2020 | 2019 |
|------------------------|----------------|----------------|
| Trade payables | 6,016.4 | 5,316.2 |
| TOTAL | 6,016.4 | 5,316.2 |
| of which SAS | 520.4 | N/A |

27.2 Accrued taxes and payroll costs

| <i>(in € millions)</i> | 2020 | 2019 |
|---------------------------------------|--------------|--------------|
| Accrued payroll costs | 414.8 | 397.4 |
| Payroll taxes | 147.5 | 157.2 |
| Employee profit-sharing | 23.1 | 36.4 |
| Other accrued taxes and payroll costs | 186.5 | 161.7 |
| TOTAL | 771.9 | 752.7 |

Note 28 Sundry payables

| <i>(in € millions)</i> | 2020 | 2019 |
|--|--------------|--------------|
| Due to suppliers of non-current assets | 112.5 | 156.0 |
| Prepaid income | 44.3 | 26.9 |
| Current taxes | 74.2 | 73.0 |
| Other | 211.2 | 103.8 |
| Currency derivatives for operations | 2.5 | 1.2 |
| TOTAL | 444.7 | 360.9 |

Note 29 Financial instruments

29.1 Financial instruments recorded in the balance sheet

| <i>(in € millions)</i> | 2020 | | Breakdown by category of instrument ⁽¹⁾ | | | |
|--|-------------------------------|--|---|---|--|--|
| | Balance Sheet Carrying amount | Carrying amount not defined as financial instruments | Financial assets/ liabilities at fair value through profit or loss ⁽²⁾ | Financial assets/ liabilities at fair value through equity ⁽²⁾ | Assets and liabilities at amortized cost | Financial assets/ liabilities measured at fair value |
| Other equity interests | 53.8 | | 53.8 | | | 53.8 |
| Other non-current financial assets | 104.7 | | | | 104.7 | 104.7 |
| Trade accounts receivables | 3,237.1 | 3,237.1 | | | | 0.0 |
| Other operating receivables | 363.4 | 353.2 | | 10.2 | | 10.2 |
| Other receivables and prepaid expenses | 856.4 | 856.4 | | | | 0.0 |
| Currency derivatives | 2.6 | | 2.6 | | | 2.6 |
| Interest rate derivatives | 0.0 | | | | | 0.0 |
| Cash and cash equivalents | 3,091.4 | | 3,091.4 | | | 3,091.4 |
| FINANCIAL ASSETS | 7,709.4 | 4,446.7 | 3,147.8 | 10.2 | 104.7 | 3,262.7 |
| Long-term debt * | 4,222.8 | 1.8 | | 9.9 | 4,211.1 | 4,357.3 |
| Non-current lease liabilities | 794.0 | | | | 794.0 | 794.0 |
| Short-term debt | 1,023.1 | | 7.2 | | 1,015.9 | 1,023.1 |
| Current portion of lease liabilities | 182.2 | | | | 182.2 | 182.2 |
| Prepayments from customers | 605.7 | 605.7 | | | | 0.0 |
| Trade payables | 6,016.4 | 6,016.4 | | | | 0.0 |
| Accrued taxes and payroll costs | 771.9 | 771.9 | | | | 0.0 |
| Sundry payables | 444.7 | 442.2 | 0.1 | 2.4 | | 2.5 |
| Of which Currency derivatives | 2.5 | | 0.1 | 2.4 | | 2.5 |
| FINANCIAL LIABILITIES | 14,060.8 | 7,838.0 | 7.3 | 12.3 | 6,203.2 | 6,359.1 |

(1) No financial instruments were transferred between categories in 2020.

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

* The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2020): for the 2025 bonds quoted 101.68% of par, at €1,016.8 million; for the 2026 bonds quoted 103.97% of par, at €779.8 million; for the 2027 bonds quoted 101.17% of par, at €708.2 million and for the 2028 bonds quoted 105.38% of par, at €737.6 million.

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| | 2019 | | Breakdown by category of instrument ⁽¹⁾ | | | |
|--|-------------------------------|--|--|--|--|---|
| | Balance Sheet Carrying amount | Carrying amount not defined as financial instruments | Financial assets/liabilities at fair value through profit or loss ⁽²⁾ | Financial assets/liabilities at fair value through equity ⁽²⁾ | Assets and liabilities at amortized cost | Financial assets/liabilities measured at fair value |
| <i>(in € millions)</i> | | | | | | |
| Other equity interests | 60.4 | | 60.4 | | | 60.4 |
| Other non-current financial assets | 71.4 | | | | 71.4 | 71.4 |
| Trade accounts receivables | 2,608.9 | 2,608.9 | | | | 0.0 |
| Other operating receivables | 360.4 | 351.4 | 0.1 | 8.9 | | 9.0 |
| Other receivables and prepaid expenses | 839.2 | 839.2 | | | | 0.0 |
| Currency derivatives | 1.8 | | 1.8 | | | 1.8 |
| Interest rate derivatives | 0.0 | | | | | 0.0 |
| Cash and cash equivalents | 2,319.4 | | 2,319.4 | | | 2,319.4 |
| FINANCIAL ASSETS | 6,261.5 | 3,799.5 | 2,381.7 | 8.9 | 71.4 | 2,462.0 |
| Long-term debt * | 3,093.1 | 1.9 | | 6.0 | 3,085.2 | 3,229.8 |
| Current portion of lease liabilities | 732.3 | | | | 732.3 | 732.3 |
| Short-term debt | 846.1 | | 1.3 | | 844.8 | 846.1 |
| Non-current lease liabilities | 173.7 | | | | 173.7 | 173.7 |
| Prepayments on customers contracts | 665.4 | 665.4 | | | | 0.0 |
| Trade payables | 5,316.2 | 5,316.2 | | | | 0.0 |
| Accrued taxes and payroll costs | 752.8 | 752.8 | | | | 0.0 |
| Sundry payables | 360.9 | 359.7 | | 1.2 | | 1.2 |
| <i>Of which Currency derivatives</i> | <i>1.2</i> | | | <i>1.2</i> | | <i>1.2</i> |
| FINANCIAL LIABILITIES | 11,940.5 | 7,096.0 | 1.3 | 7.2 | 4,836.0 | 4,983.1 |

(1) No financial instruments were transferred between categories in 2019.

(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, 2019): for the 2025 bonds quoted 104.25% of par, at €729.6 million; for the 2026 bonds quoted 106.39% of par, at €798.0 million; and for the 2027 bonds quoted 103.68% of par, at €725.8 million.

The main measurement methods applied are as follows:

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

The impact of financial instruments on income:

| (in € millions) | 2020 | | | |
|---|----------------|---|---|-------------------------|
| | Impact Income | Breakdown by category of instrument | | |
| | | Financial assets/liabilities at fair value through profit or loss | Financial liabilities at amortized cost | Instruments derivatives |
| Translation differences on commercial transactions | (6.3) | (6.2) | | (0.1) |
| Income on loans, cash investments and marketable securities | 18.1 | 18.1 | | |
| Finance costs | (204.3) | | (204.3) | |
| Other financial income and expenses | (36.6) | | (38.8) | 2.2 |
| Net income (expenses) | (229.1) | 11.9 | (243.1) | 2.1 |

| (in € millions) | 2019 | | | |
|---|----------------|--|---|-------------------------|
| | 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 | (6.1) | (6.2) | | 0.1 |
| Income on loans, cash investments and marketable securities | 18.7 | 18.7 | | |
| Finance costs | (197.7) | | (197.7) | |
| Other financial income and expenses | (40.4) | | (40.4) | |
| Net income (expenses) | (225.5) | 12.5 | (238.1) | 0.1 |

As of December 31, 2020, movements in provisions for impairment break down as follows by category of financial asset:

| (in € millions) | Balance as of January 1, 2020 | Additions | Utilizations | Reversals (surplus provisions) | Change in scope of consolidation and other changes | Balance as of December 31, 2020 |
|--------------------------------------|-------------------------------|---------------|--------------|--------------------------------|--|---------------------------------|
| Doubtful accounts | (17.5) | (30.0) | 18.6 | 0.0 | (1.8) | (30.7) |
| Shares in non-consolidated companies | (6.8) | (3.7) | 0.0 | 0.0 | 0.5 | (10.0) |
| Non-current financial assets | (21.2) | (0.5) | 0.7 | 0.0 | (0.4) | (21.4) |
| Other receivables | (11.3) | (3.5) | 0.0 | 0.0 | 2.1 | (12.7) |
| TOTAL | (56.8) | (37.7) | 19.3 | 0.0 | 0.4 | (74.8) |

29.2 Financial instruments – fair value hierarchy

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

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

Note 30 Hedging of currency and interest rate risks

30.1 Transactions in foreign currencies and derivatives

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

Faurecia uses derivative instruments traded on organized markets or purchased over-the-counter from first-rate counterparties to hedge currency and interest rate risks. They are recorded at fair value in the balance sheet.

30.2 Hedging of currency risks

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

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

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

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

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

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

2020

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

* Including inter-company financing.

** Commercial exposure anticipated over the next 6 months.

2019

| Currency exposure (in € millions) | USD | CZK | CNY | RUB | GBP | PLN | MXN | JPY |
|---|-------------|---------------|------------|---------------|---------------|---------------|----------------|-------------|
| Trade receivables (net of payables) | 64.3 | (9.5) | 3.4 | 2.2 | 9.8 | (8.5) | (108.1) | 5.3 |
| Financial assets (net of liabilities) * | (154.2) | 0.0 | 0.0 | (36.3) | (93.9) | 0.0 | 0.0 | 12.1 |
| Forecast transactions ** | 101.7 | (49.7) | 2.4 | 20.5 | 0.4 | (69.5) | (49.2) | 39.3 |
| Net position before hedging | 11.8 | (59.2) | 5.8 | (13.6) | (83.7) | (78.0) | (157.3) | 56.7 |
| Currency hedges | 47.9 | 57.1 | 9.0 | 31.1 | 94.0 | 102.6 | 104.6 | (6.9) |
| Net position after hedging | 59.8 | (2.1) | 14.8 | 17.6 | 10.3 | 24.6 | (52.6) | 49.7 |

* Including inter-company financing.

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

* Notional amounts based on absolute values.

| (in € millions) 2019 | 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 | 5.0 | 5.0 | 0.0 | 0.0 |
| ■ inter-company loans in foreign currencies swapped for euros | 0.8 | (1.3) | 541.2 | 541.2 | 0.0 | 0.0 |
| ■ cross-currency swaps | 1.7 | (0.6) | 106.8 | 0.0 | 106.8 | 0.0 |
| Cash flow hedges | | | | | | |
| ■ forward currency contracts | 5.2 | (0.9) | 405.0 | 405.0 | 0.0 | 0.0 |
| ■ currency option | 3.6 | (0.4) | 221.5 | 221.5 | 0.0 | 0.0 |
| Not eligible for hedge accounting | 0.2 | 0.0 | 28.5 | 28.5 | 0.0 | 0.0 |
| | 11.6 | (3.2) | | | | |

* Notional amounts based on absolute values.

The sensitivity of Group income and equity as of December 31, 2020 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

| Currency exposure | USD | CZK | CNY | RUB | GBP | PLN | MXN | JPY |
|--|-------------|--------------|-------------|--------------|-------------|-------------|--------------|---------------|
| 2020 | 1.23 | 26.24 | 8.02 | 91.47 | 0.90 | 4.56 | 24.42 | 126.49 |
| Currency fluctuation scenario (depreciation of currency/EUR) | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Exchange rate after currency depreciation | 1.29 | 27.55 | 8.42 | 96.04 | 0.94 | 4.79 | 25.64 | 132.81 |
| Impact on pre-tax income (in € millions) | (4.31) | 1.80 | (1.46) | (0.57) | (0.02) | 0.76 | 3.55 | (0.57) |
| Impact on other comprehensive income (in € millions) | 12.07 | (2.10) | 0.00 | 0.00 | (0.78) | (3.20) | (0.90) | 1.09 |

These impacts reflect (i) the effect on the income statement of currency fluctuations on the year-end valuation of assets and liabilities recognized on the balance sheet, net of the impact of the change in the intrinsic value of hedging instruments

(both those qualifying and not qualifying as fair value hedges) and (ii) the effect on equity of the change in the intrinsic value of hedging instruments for derivatives qualifying as cash flow hedges.

30.3 Interest-rate hedges

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

Changes in the fair value of interest rate hedges are recorded directly in "Other financial income and expenses" when the

hedging relationship cannot be demonstrated under IFRS 9, or where the Group has elected not to apply hedge accounting principles.

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

| (in € millions) 2020 | 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 |
| Financial assets | | 3,094.0 | | | | | | | | 3,094.0 |
| Financial liabilities | (183.7) | (1,055.5) | (320.9) | (226.5) | (1,485.8) | (509.2) | (2,440.5) | 0.0 | (4,430.9) | (1,791.2) |
| Net position before hedging | (183.7) | 2,038.5 | (320.9) | (226.5) | (1,485.8) | (509.2) | (2,440.5) | 0.0 | (4,430.9) | 1,302.8 |
| Interest rate hedges | | | (226.5) | 226.5 | (531.8) | 531.8 | | | (758.3) | 758.3 |
| Net position after hedging | (183.7) | 2,038.5 | (547.4) | 0.0 | (2,017.6) | 22.6 | (2,440.5) | 0.0 | (5,189.2) | 2,061.1 |

| (in € millions) 2019 | 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 |
| Financial assets | | 2,321.2 | | | | | | | | 2,321.2 |
| Financial liabilities | (175.1) | (834.2) | (203.9) | (45.9) | (551.0) | (590.8) | (2,444.3) | 0.0 | (3,374.3) | (1,470.9) |
| Net position before hedging | (175.1) | 1,487.0 | (203.9) | (45.9) | (551.0) | (590.8) | (2,444.3) | 0.0 | (3,374.3) | 850.3 |
| Interest rate hedges | | | | | (762.5) | 762.5 | | | (762.5) | 762.5 |
| Net position after hedging | (175.1) | 1,487.0 | (203.9) | (45.9) | (1,313.5) | 171.7 | (2,444.3) | 0.0 | (4,136.8) | 1,612.8 |

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

The main components of the fixed rate debt are:

- bonds maturing in June 2025, issued in March 2018 and July 2020 for a total amount of €1,000 million;
- bonds maturing in June 2026, issued in March and October 2019 for a total amount of €750 million;

- bonds maturing in June 2027, issued in November 2019 for a total amount of €700 million;
- bonds maturing in June 2028, issued in July 2020 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, 2020 aim at hedging the variable part of the *Schuldscheindarlehen* against an interest rate increase.

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

| (in € millions) 2020 | 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 | (9.9) | 0.0 | 713.5 | 0.0 |
| Accrued premiums payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | 0.0 | (9.9) | 0.0 | 713.5 | 0.0 |

| (in € millions) 2019 | 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 | (6.0) | 0.0 | 714.0 | 0.0 |
| Accrued premiums payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | 0.0 | (6.0) | 0.0 | 714.0 | 0.0 |

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

The sensitivity tests performed, assuming a 100 bp increase in average interest rates compared to the rate curve as of

December 31, 2020 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, 2020.

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, 2020 (in € millions) | (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 | 12.8 | 0.0 | 12.8 | 5.1 | 0.0 | 7.7 |
| Other financial instruments | | | | | | |
| TOTAL | 12.8 | 0.0 | 12.8 | 5.1 | 0.0 | 7.7 |

| Financial liabilities as of December 31, 2020 (in € millions) | (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 | 19.6 | 0.0 | 19.6 | 5.1 | 0.0 | 14.5 |
| Other financial instruments | | | | | | |
| TOTAL | 19.6 | 0.0 | 19.6 | 5.1 | 0.0 | 14.5 |

Note 31 Commitments given and contingent liabilities

Commitments given

| (in € millions) | 2020 | 2019 |
|---|--------------|--------------|
| Future minimum lease payments ⁽¹⁾ | 140.0 | 96.7 |
| Debt collateral: | | |
| ■ mortgages | 2.0 | 2.0 |
| Other debt guarantees | 30.3 | 33.7 |
| Firm orders for property, plant and equipment and intangible assets | 158.6 | 173.3 |
| Other | 1.1 | 1.1 |
| TOTAL | 332.0 | 306.8 |

(1) Commitments on future lease payments are considering for 2020 only obligations not reflected in the lease liability, such as payments on contracts corresponding to exemption criteria allowed by IFRS 16 and considered by the Group as well as future payments on signed contracts which execution has not yet started.

Future minimum lease payments break down as follows:

| (in € millions) | 2020 | 2019 |
|-----------------|--------------|-------------|
| N+1 | 13.1 | 8.1 |
| N+2 | 8.2 | 3.9 |
| N+3 | 7.9 | 5.5 |
| N+4 | 8.0 | 5.2 |
| N+5 and above | 102.9 | 74.1 |
| TOTAL | 140.0 | 96.7 |

Expiry dates of mortgages and guarantees:

| (in € millions) | 2020 |
|---------------------|-------------|
| ■ less than a year | 22.3 |
| ■ 1 to 5 years | 5.4 |
| ■ more than 5 years | 4.6 |
| TOTAL | 32.3 |

Note 32 Related party transactions

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

32.1 Transactions with PSA group

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

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.

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> | 2020 | 2019 |
|---|-------------|-------------|
| Sales | 1,600.2 | 2,075.8 |
| Purchases of products, services and materials | 7.7 | 12.8 |
| Receivables * | 477.7 | 473.3 |
| Trade payables | 120.4 | 138.1 |
| * Before no-recourse sales of receivables amounting to: | 283.0 | 252.0 |

32.2 Management compensation

Total compensation for 2020 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity as at December 31, 2020 amounted to

€14,293,985 including directors' fees of €703,000 compared with the 2019 figures of €12,641,372 and €614,870 respectively.

Note 33 Fees paid to the Statutory Auditors

| (in € millions) | EY | | | | Mazars | | | |
|----------------------------------|-------------------|------------|---------------|---------------|-------------------|------------|---------------|---------------|
| | Amount (excl.VAT) | | % | | Amount (excl.VAT) | | % | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| AUDIT | | | | | | | | |
| Statutory and contractual audits | | | | | | | | |
| Issuer | 0.9 | 1.3 | 18.4% | 24.8% | 0.7 | 0.6 | 15.7% | 14.7% |
| Fully consolidated companies | 3.3 | 3.5 | 70.9% | 67.5% | 3.8 | 3.3 | 81.7% | 82.6% |
| SUB-TOTAL | 4.2 | 4.8 | 89.3% | 92.3% | 4.6 | 3.9 | 97.4% | 97.4% |
| Other services | | | | | | | | |
| Issuer | 0.2 | 0.2 | 4.3% | 3.8% | 0.1 | 0.1 | 2.6% | 2.6% |
| Fully consolidated companies | 0.3 | 0.2 | 6.4% | 3.8% | 0.0 | 0.0 | 0.0% | 0.0% |
| SUB-TOTAL | 0.5 | 0.4 | 10.7% | 7.7% | 0.1 | 0.1 | 2.6% | 2.6% |
| TOTAL | 4.7 | 5.2 | 100.0% | 100.0% | 4.7 | 4.0 | 100.0% | 100.0% |

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

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

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

Note 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, Route de Gisy, 78140 Vélizy Villacoublay, France.

As of December 31, 2020, Peugeot S.A. held 39.34% of the capital stock of Faurecia and 56.02% of the voting rights. The evolution is described in Note 2.3.

Note 35 Dividends

The Board of Directors has decided to propose to the next Annual Shareholders' Meeting a dividend of €1.00 per share.

1.3.6. List of consolidated companies as of December 31, 2020

| | Country | Interest of (%) | Stake (%) ⁽¹⁾ |
|---|--------------|-----------------|--------------------------|
| I - FULLY CONSOLIDATED COMPANIES | | | |
| Faurecia | France | Holding | Holding |
| South Africa | | | |
| Faurecia Interior Systems South Africa (Pty), Ltd | South Africa | 100 | 100 |
| Faurecia Interior Systems Pretoria (Pty), Ltd | South Africa | 100 | 100 |
| Faurecia Emission Control Technologies South Africa (CapeTown) (Pty), Ltd | South Africa | 100 | 100 |
| Germany | | | |
| Faurecia Autositze GmbH | Germany | 100 | 100 |
| Faurecia Automobiltechnik 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 |
| Clarion Europa GmbH | Germany | 100 | 100 |
| SAS Autosystemtechnik GmbH | Germany | 100 | 100 |
| SAS Autosystemtechnik Verwaltungs GmbH | Germany | 100 | 100 |
| Argentina | | | |
| Faurecia Sistemas De Escape Argentina S.A. | Argentina | 100 | 100 |
| Faurecia Argentina S.A. | Argentina | 100 | 100 |
| SAS Automotriz Argentina S.A. | Argentina | 100 | 100 |
| Austria | | | |
| Faurecia Angell-Demmel GmbH | Austria | 100 | 100 |
| Belgium | | | |
| Faurecia Automotive Belgium | Belgium | 100 | 100 |
| Brazil | | | |
| Faurecia Automotive do Brasil, Ltda | Brazil | 100 | 100 |
| FMM Pernambuco Componentes Automotivos, Ltda | Brazil | 51 | 100 |
| Clarion do Brasil Ltda. | Brazil | 100 | 100 |
| SAS Automotive Do Brazil Ltda. | Brazil | 100 | 100 |
| Canada | | | |
| Faurecia Emissions Control Technologies Canada, Ltd | Canada | 100 | 100 |
| Irystec Software Inc. | Canada | 100 | 100 |
| China | | | |
| Faurecia Exhaust Systems Changchun Co., Ltd | China | 51 | 100 |
| Changchun Faurecia Xuyang Automotive Seat Co., Ltd | China | 60 | 100 |
| Faurecia - GSK (Wuhan) Automotive Seating Co., Ltd | China | 51 | 100 |
| Faurecia (Wuxi) Seating Components Co., Ltd | China | 100 | 100 |
| Faurecia Tongda Exhaust Systems Wuhan Co., Ltd | China | 50 | 100 |
| Faurecia Honghu Exhaust Systems Shanghai, Co., Ltd | China | 66 | 100 |
| Faurecia (Changchun) Automotive Systems Co., Ltd | China | 100 | 100 |
| Faurecia Emissions Control Technologies Development (Shanghai) Co., Ltd | China | 100 | 100 |
| Faurecia (Shanghai) Automotive Systems Co., Ltd | China | 100 | 100 |

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

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| | Country | Interest of (%) | Stake (%) ⁽¹⁾ |
|---|---------|-----------------|--------------------------|
| Faurecia (Qingdao) Exhaust Systems Co., Ltd | China | 100 | 100 |
| Faurecia (China) Holding Co., Ltd | China | 100 | 100 |
| Faurecia (Guangzhou) Automotive Systems Co., Ltd | China | 100 | 100 |
| Faurecia Emissions Control Technologies (Chongqing) Co., Ltd | China | 72,5 | 100 |
| Faurecia Emissions Control Technologies (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 | 100 | 100 |
| Faurecia (Yancheng) Automotive Systems Co., Ltd | China | 100 | 100 |
| CSM Faurecia Automotive Parts Co., Ltd | China | 50 | 100 |
| Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd | China | 51 | 100 |
| Faurecia Emissions Control Technologies (Beijing) Co., Ltd | China | 100 | 100 |
| Faurecia Emissions Control Technologies (Nanchang) Co., Ltd | China | 51 | 100 |
| Faurecia Emissions Control Technologies (Ningbo) Co., Ltd. | China | 100 | 100 |
| Faurecia Emissions Control Technologies (Foshan) Co., Ltd | China | 51 | 100 |
| Foshan Faurecia Xuyang Interior Systems Co., Ltd | China | 60 | 100 |
| Faurecia PowerGreen Emissions Control Technologies (Shanghai) Co., Ltd | China | 100 | 100 |
| Faurecia Emissions Control Technologies (Ningbo Hangzhou Bay New District) Co., Ltd | China | 66 | 100 |
| Shanghai Faurecia Automotive Seating Co., Ltd | China | 55 | 100 |
| Changsha Faurecia Emissions Control Technologies Co., Ltd | China | 100 | 100 |
| Dongfeng Faurecia Automotive Interior Co., Ltd | China | 50 | 100 |
| Borgward Faurecia (Tianjin) Auto Systems Co., Ltd | China | 51 | 100 |
| Faurecia Exhaust Systems (Shanghai) Co., Ltd | China | 100 | 100 |
| Faurecia (Jimo) Emissions Control Technologies Co., Ltd | China | 100 | 100 |
| Faurecia (Tianjin) Emission Control Technologies Co., Ltd | China | 51 | 100 |
| Faurecia Yinlun (Weifang) Emission Control Technologies Co., Ltd | China | 52 | 100 |
| Tianjin Faurecia Xuyang Automotive System Co., Ltd | China | 60 | 100 |
| Dongfeng Faurecia Emissions Control Technologies Co., Ltd | China | 50 | 100 |
| Faurecia (Changshu) Automotive System Co., Ltd | China | 55 | 100 |
| Faurecia (Liuzhou) Automotive Seating Co., Ltd | China | 50 | 100 |
| Faurecia Clarion Electronic Fengcheng Co., Ltd | China | 100 | 100 |
| Shenzhen Faurecia Automotive Parts Co., Ltd | China | 70 | 100 |
| Faurecia (Hangzhou) Automotive Systems Co., Ltd | China | 100 | 100 |
| Faurecia (Liuzhou) Automotive Interior Systems Co.,Ltd | China | 50 | 100 |
| Faurecia Clarion Electronic Foshan Co., Ltd | China | 100 | 100 |
| Faurecia Chongqing Zhuotong Automotive Interior Systems Co.,Ltd | China | 50 | 100 |
| Shanghai Faurecia Automotive Seating component Co., Ltd | China | 55 | 100 |
| Parrot Automotive Shenzhen | China | 100 | 100 |
| HUG Engineering Shanghai Co., Ltd | China | 100 | 100 |
| Faurecia Clarion Electronics (Dongguan) Co. Ltd. | China | 100 | 100 |
| Faurecia Clarion Electronics (Xiamen) Co. Ltd. | China | 100 | 100 |

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

| | Country | Interest of (%) | Stake (%) ⁽¹⁾ |
|---|---------------|-----------------|--------------------------|
| Chengdu Faurecia Xuyang Automotive Seat Co., Ltd | China | 60 | 100 |
| Zhejiang Faurecia Interior & Exterior Systems Co., Ltd | China | 100 | 100 |
| SAS Automotive Systems (Shanghai) Co., Ltd. | China | 100 | 100 |
| Faurecia Clarion Electronic Chongqing Ltd | China | 100 | 100 |
| Changchun Faurecia Xuyang Display Technology Co., Ltd. | China | 55 | 100 |
| Nanjing Faurecia Emission Control Technology Co., Ltd. | China | 66 | 100 |
| Coagent Global Limited | China | 100 | 100 |
| Faurecia Clarion Electronics Asia Pacific Limited | China | 100 | 100 |
| Chang Ming Co., Ltd. | China | 82 | 100 |
| Clarion (H.K.) Industries Co., Ltd | China | 100 | 100 |
| China Taiwan | | | |
| Covatech Inc. | China Taiwan | 82 | 100 |
| Clarion (Taiwan) Manufacturing Co., Ltd | China Taiwan | 100 | 100 |
| South Korea | | | |
| Faurecia Korea, Ltd | South Korea | 100 | 100 |
| FCM Yeongcheon | South Korea | 100 | 100 |
| FAS Yeongcheon | South Korea | 100 | 100 |
| Denmark | | | |
| AMMINEX Emissions Technology AS | Denmark | 91.5 | 100 |
| Spain | | | |
| Asientos de Castilla Leon, S.A. | Spain | 100 | 100 |
| Asientos del Norte, S.A. | Spain | 100 | 100 |
| Faurecia Asientos Para Automovil España, S.A. | Spain | 100 | 100 |
| Faurecia Sistemas De Escape España, SA | Spain | 100 | 100 |
| Tecnoconfort | Spain | 50 | 100 |
| Asientos de Galicia, S.L. | Spain | 100 | 100 |
| Faurecia Automotive España, S.L. | Spain | 100 | 100 |
| Faurecia Interior System España, S.A. | Spain | 100 | 100 |
| Faurecia Interior System SALC España, S.L. | Spain | 100 | 100 |
| 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 |
| SAS Autosystemtechnik S.A. | Spain | 100 | 100 |
| United States | | | |
| Faurecia Emissions Control Systems NA, LLC | United States | 100 | 100 |
| Faurecia Automotive Seating, LLC | United States | 100 | 100 |
| Faurecia USA Holdings, Inc. | United States | 100 | 100 |
| Faurecia Emissions Control Technologies, USA, LLC | United States | 100 | 100 |
| Faurecia Interior Systems, Inc. | United States | 100 | 100 |
| Faurecia Madison Automotive Seating, Inc. | United States | 100 | 100 |
| Faurecia Interiors Louisville, LLC | United States | 100 | 100 |
| Faurecia Interior Systems Saline, LLC | United States | 100 | 100 |
| Faurecia Mexico Holdings, LLC | United States | 100 | 100 |

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

1 Financial and accounting information

Consolidated financial statements for the year ended December 31, 2020

| | Country | Interest of (%) | Stake (%) ⁽¹⁾ |
|---|---------------|-----------------|--------------------------|
| FNK North America, Inc. | United States | 100 | 100 |
| Faurecia North America, Inc. | United States | 100 | 100 |
| Hug Engineering Inc. | United States | 100 | 100 |
| Faurecia DMS | United States | 100 | 100 |
| Clarion Corporation of America | United States | 100 | 100 |
| SAS Automotive USA Inc. | United States | 100 | 100 |
| France | | | |
| Faurecia Sièges d'automobile | France | 100 | 100 |
| Faurecia Industries | France | 100 | 100 |
| ECSA - Etudes Et Construction de Sièges pour l'Automobile | France | 100 | 100 |
| Siedoubs | France | 100 | 100 |
| Sielest | France | 100 | 100 |
| Siemar | France | 100 | 100 |
| Faurecia Seating Flers | France | 100 | 100 |
| Faurecia Investments | France | 100 | 100 |
| Trecia | France | 100 | 100 |
| Faurecia Automotive Holdings | France | 100 | 100 |
| Faurecia 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 - Metalloprodukcja 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 |
| Faurecia Clarion Electronics Europe S.A.S. | France | 100 | 100 |
| Clarion Europe S.A.S | France | 100 | 100 |
| SAS Automotive France S.A.S.U. | France | 100 | 100 |
| SAS Logistics France S.A.S.U | France | 100 | 100 |
| Cockpit Automotive Systems Rennes S.A.S.U | France | 100 | 100 |
| Faurecia Ullit | France | 100 | 100 |
| Great Britain | | | |
| Faurecia Automotive Seating UK, Ltd | Great Britain | 100 | 100 |
| Faurecia Midlands, Ltd | Great Britain | 100 | 100 |
| SAI Automotive Fradley, Ltd | Great Britain | 100 | 100 |
| SAI Automotive Washington, Ltd | Great Britain | 100 | 100 |
| Faurecia Emissions Control Technologies UK, Ltd | Great Britain | 100 | 100 |
| Hungary | | | |
| Faurecia Emissions Control Technologies, Hungary Kft | Hungary | 100 | 100 |
| Clarion Hungary Electronics Kft. | Hungary | 100 | 100 |

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

| | Country | Interest of (%) | Stake (%) ⁽¹⁾ |
|--|-------------|-----------------|--------------------------|
| India | | | |
| Faurecia Automotive Seating India Private, Ltd | India | 100 | 100 |
| Faurecia Emissions Control Technologies India Private, Ltd | India | 74 | 100 |
| Faurecia Interior Systems India Private, Ltd | India | 100 | 100 |
| Clarion India Pvt, Ltd | India | 100 | 100 |
| Israel | | | |
| Faurecia Security Technologies | Israel | 100 | 100 |
| Italy | | | |
| Faurecia Emissions Control Technologies, Italy SRL | Italy | 100 | 100 |
| Hug Engineering Italia S.r.l. | Italy | 100 | 100 |
| Japan | | | |
| Faurecia Japan K.K. | Japan | 100 | 100 |
| Faurecia Howa Interiors Co., Ltd | Japan | 50 | 100 |
| Clarion Co., Ltd | Japan | 100 | 100 |
| Clarion Sales and Marketing Co., Ltd | Japan | 100 | 100 |
| Luxembourg | | | |
| Faurecia AST Luxembourg S.A. | Luxembourg | 100 | 100 |
| Faurecia Luxembourg Sarl | Luxembourg | 100 | 100 |
| Faurecia Holdings AST, Sarl | Luxembourg | 100 | 100 |
| Malaysia | | | |
| Crystal Precision (M) Sdn. Bhd. | Malaysia | 86.25 | 100 |
| Morocco | | | |
| Faurecia Équipements Automobiles Maroc | Morocco | 100 | 100 |
| Faurecia Automotive Systems Technologies | Morocco | 100 | 100 |
| Faurecia Automotive Industries Morocco SARL | Morocco | 100 | 100 |
| Mexico | | | |
| Faurecia Sistemas Automotrices de Mexico, S.A. de C.V. | Mexico | 100 | 100 |
| Servicios Corporativos de Personal Especializado, S.A. de C.V. | Mexico | 100 | 100 |
| Exhaust Services Mexicana, S.A. de C.V. | Mexico | 100 | 100 |
| ET Mexico Holdings II, S. de R.L. de C.V. | Mexico | 100 | 100 |
| Faurecia Howa Interior Mexico, S.A. de C.V. | Mexico | 51 | 100 |
| Electronica Clarion, S.A. de C.V. | Mexico | 100 | 100 |
| Ultra Industrial, S.A. de C.V. | Mexico | 100 | 100 |
| SAS Automotive Systems S.A. De C.V. | Mexico | 100 | 100 |
| SAS Automotive Systems & Services S.A. De C.V. | Mexico | 100 | 100 |
| Netherlands | | | |
| ET Dutch Holdings B.V. | Netherlands | 100 | 100 |
| Faurecia Emissions Control Technologies Netherlands B.V. | Netherlands | 100 | 100 |
| Hug Engineering B.V. | Netherlands | 100 | 100 |

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

1 Financial and accounting information

Consolidated financial statements for the year ended December 31, 2020

| | Country | Interest of (%) | Stake (%) ⁽¹⁾ |
|---|----------------|-----------------|--------------------------|
| Poland | | | |
| Faurecia Automotive Polska S.A. | Poland | 100 | 100 |
| Faurecia Wallbrzych 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 |
| Portugal | | | |
| Faurecia - Assentos de Automovel, Lda | Portugal | 100 | 100 |
| SASAL | Portugal | 100 | 100 |
| Faurecia - Sistemas De Escape Portugal, Lda | Portugal | 100 | 100 |
| EDA - Estofagem de Assentos, Lda | Portugal | 100 | 100 |
| Faurecia Sistemas de Interior de Portugal, Componentes Para Automoveis S.A. | Portugal | 100 | 100 |
| SAS Automotive De Portugal Unipessoal Ltda. | Portugal | 100 | 100 |
| Czech Republic | | | |
| Faurecia Exhaust Systems, S.R.O. | Czech Republic | 100 | 100 |
| Faurecia Automotive Czech Republic, S.R.O. | Czech Republic | 100 | 100 |
| Faurecia Interior Systems Bohemia, S.R.O. | Czech Republic | 100 | 100 |
| Faurecia Components Pisek, S.R.O. | Czech Republic | 100 | 100 |
| Faurecia Interiors Pardubice, S.R.O. | Czech Republic | 100 | 100 |
| Faurecia Emissions Control Technologies Mlada Boleslav, S.R.O. | Czech Republic | 100 | 100 |
| Faurecia Plzen | Czech Republic | 100 | 100 |
| SAS Autosystemtechnik S.R.O. | Czech Republic | 100 | 100 |
| Romania | | | |
| Faurecia Romania S.R.L. | Romania | 100 | 100 |
| Euro Auto Plastic Systems S.R.L. | Romania | 50 | 100 |
| Russia | | | |
| OOO Faurecia Interior Luga | Russia | 100 | 100 |
| OOO Faurecia Metalloprodukcja Exhaust Systems | Russia | 70 | 100 |
| OOO Faurecia Automotive Development | Russia | 100 | 100 |
| OOO Faurecia Automotive Exteriors Bumpers | Russia | 100 | 100 |
| Clarion RUS LLC | Russia | 100 | 100 |
| Slovakia | | | |
| Faurecia Automotive Slovakia SRO | Slovakia | 100 | 100 |
| SAS Automotive S.R.O. | Slovakia | 100 | 100 |
| Sweden | | | |
| Faurecia Interior Systems Sweden AB | Sweden | 100 | 100 |
| Faurecia CREO | Sweden | 78.6 | 100 |
| Switzerland | | | |
| Hug Engineering AG | Switzerland | 100 | 100 |
| Faurecia Switzerland Sàrl | Switzerland | 100 | 100 |

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

| | Country | Interest of (%) | Stake (%) ⁽¹⁾ |
|---|---------------|-----------------|--------------------------|
| Thailand | | | |
| Faurecia Interior Systems (Thailand) Co., Ltd | Thailand | 100 | 100 |
| Faurecia Emissions Control Technologies, Thailand Co., Ltd | Thailand | 100 | 100 |
| Faurecia & Summit Interior Systems (Thailand) Co., Ltd | Thailand | 50 | 100 |
| Clarion Asia (Thailand) Co., Ltd | Thailand | 100 | 100 |
| Tunisia | | | |
| Société Tunisienne d'Équipements d'Automobile | Tunisia | 100 | 100 |
| Faurecia Informatique Tunisie | Tunisia | 100 | 100 |
| Turkey | | | |
| Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi | Turkey | 100 | 100 |
| SAS Otosistem Teknik Ticaret Ve Limited Sirketi | Turkey | 100 | 100 |
| Uruguay | | | |
| Faurecia Automotive Del Uruguay, S.A. | Uruguay | 100 | 100 |
| Vietnam | | | |
| Faurecia Vietnam Haiphong | Vietnam | 100 | 100 |
| II - COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD | | | |
| China | | | |
| Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd | China | 40 | 40 |
| Jinan Jidao Auto Parts Co., Ltd | China | 50 | 50 |
| Changchun Faurecia Xuyang Automotive Components Technologies R&D Co., Ltd | China | 45 | 45 |
| Dongfeng Faurecia (Wuhan) Automotive Parts Sales Co., Ltd | China | 50 | 50 |
| Qinhuangdao WKW-FAD Automotive Interior Parts Co., Ltd | China | 50 | 50 |
| Dongfeng Faurecia (Xiangyang) Emissions Systems Co., Ltd | China | 50 | 50 |
| Faurecia Liuzhou Automotive Seating Sales Co., Ltd | China | 50 | 50 |
| Chongqing Guangneng Faurecia Interior Systems Co., Ltd | China | 50 | 50 |
| Hongtai Faurecia Composite (Wuhan) Co., Ltd | China | 50 | 50 |
| Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd. | China | 50 | 50 |
| Wuhan Clarion Kotei Software Technology Co., Ltd | China | 25 | 25 |
| Beijing BAIC Faurecia Automotive Systems Co., Ltd | China | 50 | 50 |
| Spain | | | |
| Componentes de Vehiculos de Galicia, S.A. | Spain | 50 | 50 |
| Copo Iberica, S.A. | Spain | 50 | 50 |
| United States | | | |
| Detroit Manufacturing Systems, LLC | United States | 49 | 49 |
| DMS leverage lender, LLC | United States | 49 | 49 |
| DMS Toledo, LLC | United States | 49 | 49 |
| Total Network Manufacturing LLC | United States | 49 | 49 |
| France | | | |
| Automotive Performance Materials (APM) | France | 50 | 50 |
| Symbio | France | 50 | 50 |
| India | | | |
| NHK F. Krishna India Automotive Seating Private, Ltd | India | 19 | 19 |
| Basis Mold India Private Limited | India | 38 | 38 |

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

1

Financial and accounting information

Consolidated financial statements for the year ended December 31, 2020

| | Country | Interest of (%) | Stake (%) ⁽¹⁾ |
|---|----------|-----------------|--------------------------|
| Italy | | | |
| Ligneos Srl | Italy | 50 | 50 |
| Japan | | | |
| Faurecia - NHK Co., Ltd | Japan | 50 | 50 |
| Malaysia | | | |
| Clarion (Malaysia) Sdn. Bhd. | Malaysia | 45 | 45 |
| Mexico | | | |
| GMD Stamping Mexico S.A. de C.V. | Mexico | 49 | 49 |
| Hitachi Automotive Systems San Juan Del Rio, S.A. de C.V. | Mexico | 20 | 20 |
| Portugal | | | |
| Vanpro Assentos, Lda | Portugal | 50 | 50 |
| Faurecia Aptoide Automotive, Lda | Portugal | 50 | 50 |
| Turkey | | | |
| Teknik Malzeme Ticaret Ve Sanayi AS | Turkey | 50 | 50 |

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

1.4. Statutory auditors' report on the consolidated financial statements for the year ended December 31, 2020

For the year ended December 31, 2020

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

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

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Faurecia for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for Opinion

Audit Framework

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

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

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

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

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment testing of goodwill

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

Risk identified

The carrying amount of goodwill amounts to €2,195.9m at December 31, 2020. Goodwill is allocated to the four groups of cash generating units (CGUs) corresponding to the Group's operating segments: Seating, Clean Mobility, Interior Systems and Clarion Electronics.

In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired, as mentioned in the note 10C to the consolidated financial statements.

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 10C to the consolidated financial statements.

Impairment tests are performed to compare the carrying amount of assets and liabilities by group of CGUs with the higher of their value in use (equal to the present value of the net future cash flows expected) and their fair value including costs of disposal. For a given group of CGUs, an impairment loss is recognized whenever its value then determined falls below its carrying amount.

The cash flow forecasts used to calculate value in use were based on the Group's 2021-2025 forecasts for Clarion Electronics and on the Group's 2021-2023 forecasts for the other three group of CGU. Those forecasts were established during 2020 last quarter. The volume assumptions used in the forecasts are based on external information sources.

As mentioned in Note 10C to the consolidated financial statements, impairment test performed as of December 31, 2020 confirmed goodwill value accounted for in the balance sheet for Seating, Clean Mobility and Interior Systems. A €150.0m impairment loss was booked as of June 30, 2020 regarding Clarion Electronics, and no other impairment loss was identified by the test as of December 31, 2020.

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

- the amount of goodwill recorded in the consolidated financial statements is material;
- defining the inputs to be used to perform impairment tests requires a high degree of judgment and estimation from management, in particular as regards future cash flows, discount rates (WACC) and long-term growth rates, which are inherently impacted by the crisis evolutive context related to Covid-19.

Our response

We assessed the method used by management to determine the recoverable amount of each group of CGUs in order to assess its compliance with IAS 36.

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

- reconciled the components taken in the impairment tests of each group of CGU with the consolidated financial statements;
- compared the key assumptions used to determine the recoverable amount for the group of CGUs, such as assumptions related to the volume for the global automotive market considered by the group in the Covid-19 crisis context, applied discount rate and perpetual growth rate with independent market data;
- analyzed the consistency of projected future cash flows with historical data;
- reperformed the calculations and reconciled the main forecasts data including 2021-2023 forecasts (2021-2025 for Clarion Electronics) 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 to estimate their effects and assumptions related to the volume for the global automotive market considered by the Group.

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

Accounting and recoverability of development costs

(Notes 10 and 11 to the consolidated financial statements)

Risk identified

Net capitalized development costs amount to €2,059.7m at December 31, 2020.

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

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

Research costs, and development costs that do not meet the above criteria, are expensed as incurred pursuant to the conditions set out in Note 11 to the consolidated financial statements.

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 tangible and intangible assets allocated to a customer contract with the present value of the net future cash flows expected to be derived from the contract.

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 impacted by the crisis evolutive context related to Covid-19.

Our response

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 in compliance with IAS 38.

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

- we made inquiries of management about any indications of impairment.
- we obtained an understanding of the method used by management to determine the recoverable amount of these assets and assessed the consistency of performed calculations;
- we assess the consistency of the key assumptions used by management to determine projected future cash flows including assumptions considered by management in the Covid-19 crisis context, for a sample of customer programs subject to an impairment test and, in particular:
 - reconciled the components of the carrying amount of these assets allocated to a customer contract with the consolidated financial statements,
 - compared, with asset valuation experts, the key assumptions used, such as discount rates, with independent market data,
 - reconciled, on a sample basis, the data specific to each 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 ongoing negotiations.

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

Accounting and recoverability of deferred tax assets

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

| Risk identified | Our response |
|---|--|
| <p>Deferred tax assets amount to €475.4m in the balance sheet at December 31, 2020, while deferred tax liabilities amount to €82.0m.</p> <p>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.</p> <p>The assessment of the ability to recover net deferred tax assets as of December 31, 2020 (€393.4m) is based on the Group's forecasts for the long-term recovery of tax losses.</p> <p>The Group's ability to recover deferred tax assets is assessed by management at the end of the year.</p> <p>We considered the accounting and the recoverability of deferred tax assets to be a key audit matter due to the importance of the assumptions and judgments used by management to recognize these assets, especially in the crisis evolutive context related to Covid-19 and considering the materiality of their amounts in the consolidated financial statements.</p> | <p>We assessed the consistency of the assumptions used by management to recognize and measure deferred tax assets and their compliance with IAS 12.</p> <p>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:</p> <ul style="list-style-type: none"> ■ 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. <p>We also assessed the consistency with the forecasts of the main data and assumptions on which taxable income projections considered in the Covid-19 crisis context and underlying the accounting and recoverability of deferred tax assets relating to tax loss carryforwards are based.</p> <p>Lastly, we also assessed the appropriateness of the disclosures on deferred tax assets provided in the notes to the consolidated financial statements.</p> |

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the Board of Directors' management report.

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

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the Group management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

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

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of December 17, 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*).

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Faurecia by the Annual General Meetings held on May 28, 2019 for MAZARS and on June 17, 1983 for ERNST & YOUNG Audit.

At December 31, 2020, MAZARS were in the second year of their engagement and ERNST & YOUNG were in the thirty-eighth year of total uninterrupted engagement, which are the second year and twenty-second year since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

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

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

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

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, February 22, 2021

The Statutory Auditors

MAZARS

David Chaudat

Grégory Derouet

ERNST & YOUNG Audit

Jean-Roch Varon

Guillaume Brunet-Moret

1.5. Review of Company's business and financial results

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

The sales 2020 are slightly going up to €34.8 million, compared to €30.1 million in 2019.

Faurecia invoices trademark royalties, calculated as a proportion of the subsidiaries' sales. These royalties, extended since 2015 to all companies wholly owned by the Group, totaled €31.2 million in 2019, versus €71.2 million in 2019.

Results of operations

The operating profit for the year 2020 is a profit of €18.2 million to be compared to a profit of €24.5 million in 2019.

The net financial expense totaled €155.4 million, compared to a net financial income of €439.3 million in 2019.

The variance is mainly due to the decrease of dividends received, going from €341 million in 2019 down to €3.7 million in 2020, essentially due to the Covid-19 crisis, and to the increase of investment depreciation going from €3.4 million in 2019 up to €196.1 million in 2020, essentially for Hennape six for €178 million. Interest income, net from financing costs, amount to 20.6 million to be compared with €40.7 million in 2019.

In 2020, the net non-recurring income is at €5.3 million versus a loss of €17.5 million in 2019.

Tax income amounted to €9.1 million, compared with €30.9 million for fiscal year 2019. 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 loss of €122.8 million⁽¹⁾. This compares with a profit €477.1 million in 2019.

Financial structure and net debt

The main components of Faurecia financing are described in the Note 17 of the financial statements. More specifically, in order to secure the liquidity of the Group, Faurecia has signed on April 10, 2020 a credit facility for an amount of €800 million with four banks. This credit facility is a term loan with an 18 months maturity. The loan has been fully drawn and has been fully repaid on July 31, 2020, using the proceeds of the additional issue of the 2025 bonds and of the issue of the 2028 bonds, issued at the same date for a total of €1,000 million.

On June 12, 2020, Fitch has confirmed the BB+ rating of Faurecia, with a negative outlook. On June 19, 2020 Standard & Poor's has downgraded Faurecia rating from BB+ to BB with a stable outlook, and Moody's has downgraded Faurecia rating from Ba1 to Ba2, with a stable outlook.

As of December 31, 2020, the shareholders' equity in the Company before distribution of the period's earnings amounted to €3,470.0 million compared to €3,592.8 million at the close of 2019. It thus decreased by €122.8 million.

At December 31, 2020, Faurecia's financial debt amounted to €1,009 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 €1,081 million at December 31, 2019.

(1) For information, it is specified that the amount for expenses and costs listed in 4 of Article 39 of the French General Tax Code amount to €159,294.79 and the corresponding tax amounts to €49,381.38.

Trade accounts payable equaling €7.1 million included five invoices due that have been paid after December 31, 2020; accounts receivable amounted to €17.8 million as of December 31, 2020, including €10.2 million for invoices past due, mainly from subsidiaries. These break down as follows:

| | Article D. 441 I. 1°: Invoices received, unpaid and in arrears as of the closing date | | | | | Total (1 day and more) | Article D. 441 I. 2°: Invoices issued, unpaid and in arrears as of the closing date | | | | | Total (1 day and more) |
|--|--|-----------------|------------------|------------------|--------------------|---------------------------------|--|-----------------|------------------|------------------|--------------------|---------------------------------|
| | 0 day (indicative) | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 days or more | | 0 day (indicative) | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 days or more | |
| (A) LATE PAYMENT CATEGORIES | | | | | | | | | | | | |
| Number of invoices concerned | 1 | | | | | 5 | 0 | | | | | 75 |
| Number of invoices concerned (including VAT) | 1,875 | 62,805 | 0 | 0 | 390,391 | 453,196 | 0 | 9,586,112 | 0 | 0 | 573,202 | 10,159,314 |
| % of total purchase amount for the fiscal year (including VAT) | 0.00 | 0.11% | 0.00% | 0.00% | 0.67% | 0.78% | | | | | | |
| % of sales for the fiscal year (including VAT) | | | | | | | 0.00% | 7.70% | 0.00% | 0.00% | 0.46% | 8.16% |
| (B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES | | | | | | | | | | | | |
| Number of excluded invoices | | | 0 | | | | | | | | 0 | |
| Total amount of excluded invoices | | | 0 | | | | | | | | 0 | |
| (C) REFERENCE TERMS OF PAYMENT USED (CONTRACTUAL OR STATUTORY DEADLINE – ARTICLE L. 441-6 OR ARTICLE L. 443-1 OF THE FRENCH CODE OF COMMERCE) | | | | | | | | | | | | |
| 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, 2020 came to €4,450.7 million (€4,628.6 million at December 31, 2019).

Business review relating to the Company's subsidiaries

January 2020

- Clarion Manufacturing and Service Co., Ltd (Japan) has been absorbed, in the context of a merger, by Clarion Co., Ltd (Japan).
- Faurecia Exhaust International (France) has acquired 100% of the shares of Ullit SA (France). This new subsidiary belongs to the Clean Mobility Business Group.
- A new subsidiary, Chengdu Faurecia Xuyang Automotive System Company Ltd (China), held at 100% by the joint venture Changchun Faurecia Xuyang Automotive Seat Company Ltd (China), has been registered.
- Clarion Canada Inc. (Canada), held at 100% by Clarion Corporation of America (USA), has been dissolved, and no longer exists.

- SAS Autosystemtechnik GmbH & Co. KG (Germany) became a 100% subsidiary of Faurecia Automotive GmbH (Germany). This affiliation was involved after the purchase, by the Group, of the remaining share capital held by Continental group (50%).

March 2020

- Clarion Rus LLC (Russia) has been sold by Clarion Co., Ltd (Japan) to Faurecia Automotive Development, LLC (Russia) and to Faurecia Interior Luga (Russia). These two companies hold respectively 99.87% and 0.13% of the share capital of the Company, following a capital increase subsequent to the assignment.

April 2020

- Faurecia USA Holdings, Inc. (USA) has acquired 100% of the software startup IRYStec Software Inc. (Canada). This new subsidiary belongs to the Clarion Electronics Business Group.
- A new company, Changchun Faurecia Xuyang Display Technology Co., Ltd (China), has been registered and belonging to the Clarion Electronics Business Group. This new company is held at 55% by Faurecia (China) Holding (China), and at 45% by Changchun Xuyang Industrial (Group) Co., Ltd (China).

May 2020

- Faurecia Luxembourg Sarl (Luxemburg) has been contributed by Faurecia AST Luxembourg S.A. (Luxemburg) to its subsidiary Faurecia Holdings AST (Luxemburg). Faurecia Luxembourg Sarl (Luxemburg) is now held at 100% by Faurecia Holdings AST (Luxemburg).
- Clarion Australia Pty, Ltd (Australia), held at 100% by Clarion Co., Ltd (Japan), has been liquidated and deregistered.

June 2020

- Faurecia Automotive Holding (France) has increased its shareholding in Faurecia Creo AB (Sweden) from 72.10% to 78%. This increase in participation follows the acquisition of shares held by individual shareholders.

August 2020

- Faurecia Automotive Holding (France) has increased its shareholding in Chang Ming Company Limited (Hong-Kong) from 82% to 82.03%. This increase in participation follows the acquisition of shares held by two individual shareholders.

September 2020

- A new company, Faurecia Clarion Electronics (Chongqing) Co., Ltd (China) has been registered. The new company is held at 100% by Faurecia Clarion Electronics (Feng Cheng) Co., Ltd (China), and belongs to the Clarion Electronics Business Group.

October 2020

- Faurecia (China) Holdings (China) acquired 50% of Beijing Baic Faurecia Automotive Systems Co., Ltd (China). The remaining shares are held by Beijing Automobile Investment Co, Ltd, a company belonging to the Seating Business Group. It is specified that Beijing Baic Faurecia Automotive Systems Co., Ltd (China) holds a 100% subsidiary, Xiangtan Baic Faurecia Automotive Systems Co., Ltd (China).

November 2020

- A new company, Nanjing Faurecia Emissions Control Technologies Co., Ltd (China), has been registered. This company is held at 100% by the joint venture Faurecia Honghu Exhaust Systems Shanghai Co., Ltd (China) that belongs to the Clean Mobility Business Group.

December 2020

- Faurecia Industrie NV (Belgium), indirectly held at 100% by Faurecia Automotive Holdings, has been dissolved and liquidated.
- Clarion Co., Ltd (Japan) has sold 30% of the share capital of Crystal Precision (M) Sdn Bhd (Malaysia) to its partner Tone Trading Company Sendirian Berhad. Following this assignment, Clarion Co., Ltd (Japan) now holds 45% of the share capital of this company.

- The 50% stake in the joint-venture Xiantan Faurecia Limin Interior & Exterior Systems Co, Ltd (China) was sold by Faurecia China Holdings Co, Ltd (China) to its partner Zhejiang Limin Industry Co, Ltd (China).

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

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

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

Information on research and development appears in the introductory chapter, and the way in which Faurecia takes into consideration the social and environmental consequences of its business, and its societal commitments in favor of sustainable development, are detailed in Chapter 4 "Extra financial performance" of this Universal Registration Document.

The current capital structure, crossing of thresholds, employee share ownership and other information on the capital stock (including the table of financial authorizations and their use during the 2020 fiscal year, the change in capital stock, potential capital stock, treasury stock and information on purchases and sales of treasury shares) are covered in Chapter 5 "Capital stock and shareholding structure" of this Universal Registration Document.

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

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

Factors likely to affect a public takeover bid are described in Chapter 6 "Other information", Section 6.1 "Legal information".

Information on the fees of the Statutory Auditors is provided in the Chapter 6 "Other information", Section 6.4 "Additional information on audits of financial statements".

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

Information on the vigilance plan, within the meaning of the French Law of March 27, 2017, is provided in Chapter 2 "Risk factors and Management", Sections 2.2.3.3 "Responsible purchasing policy" and in Chapter 4 "Extra financial performance", Sections 4.1.4 and 4.4.2.

1.6. Parent company's financial statements for the year ended December 31, 2020

1.6.1. Income statement

| <i>(in € thousands)</i> | Notes | 2020 | 2019 |
|---|-------|------------------|-----------------|
| Services sold | | 34,843 | 30,146 |
| Sales | | 34,843 | 30,146 |
| Outside services | | (46,179) | (64,240) |
| Taxes other than on income | | (4,091) | (2,789) |
| Salaries and wages | | (12,332) | (16,241) |
| Payroll taxes | | (1,891) | (4,187) |
| Amortization, depreciation and provisions (net of reversals) and expense transfers | 3 | 17,228 | 10,650 |
| Other income/(expenses) | 4 | 30,624 | 71,176 |
| Total operating income and expenses | | (16,641) | (5,631) |
| NET OPERATING INCOME | | 18,202 | 24,515 |
| Financial income | 5 | 292,312 | 575,634 |
| Financing costs | 5 | (447,700) | (136,343) |
| NET FINANCIAL INCOME (EXPENSE) | 5 | (155,388) | 439,291 |
| OPERATING INCOME AFTER NET FINANCIAL INCOME | | (137,186) | 463,806 |
| Non-recurring income | 6 | 6,935 | 30,785 |
| Extraordinary expenses | 6 | (1,651) | (48,265) |
| NET NON-RECURRING INCOME | 6 | 5,284 | (17,480) |
| Employee profit-sharing | | (28) | (58) |
| Corporate income tax | 7 | 9,147 | 30,856 |
| NET INCOME | | (122,783) | 477,124 |

1.6.2. Balance sheet as of December 31, 2020

Assets

| (in € thousands) | Notes | 31/12/2020 | | 31/12/2019 | |
|---|-------|-------------------|-----------------------------|-------------------|------------------|
| | | Gross amounts | Depreciation and provisions | Net amounts | Net amounts |
| Intangible assets | 8 | 105 | 25 | 80 | 88 |
| Property, plant and equipment | 9 | 945 | 905 | 40 | 107 |
| Investments | 10 | 4,990,631 | 221,053 | 4,769,578 | 4,799,863 |
| TOTAL FIXED ASSETS | | 4,991,681 | 221,983 | 4,769,698 | 4,800,058 |
| Operating receivables | | 17,840 | 0 | 17,840 | 42,457 |
| Other receivables | 11 | 3,695,925 | 0 | 3,695,925 | 3,194,145 |
| Marketable securities and related receivables | 12 | 778,662 | 76 | 778,586 | 44,885 |
| Cash and cash equivalents | | 875,826 | | 875,826 | 806,097 |
| TOTAL CURRENT ASSETS | | 5,368,254 | 76 | 5,368,177 | 4,087,584 |
| Prepaid expenses | 13 | 4,011 | | 4,011 | 39 |
| Unrealized foreign exchange losses | | 23,921 | | 23,921 | 6,066 |
| Bond redemption premiums | | 6,861 | | 6,861 | 1 |
| Deferred charges | 14 | 52,222 | | 52,222 | 53,717 |
| TOTAL ASSETS | | 10,446,950 | 222,059 | 10,224,890 | 8,947,465 |

Liabilities

| (in € thousands) | Notes | 31/12/2020 | 31/12/2019 |
|--|-----------|-------------------|------------------|
| 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 | | 1,893,523 | 1,416,399 |
| Net income for the fiscal year | | (122,783) | 477,124 |
| TOTAL SHAREHOLDERS' EQUITY | 15 | 3,469,996 | 3,592,779 |
| Provisions for contingencies and charges | 16 | 14,457 | 12,219 |
| TOTAL DEBT | 17 | 4,947,813 | 3,427,455 |
| Operating payables | 18 | 46,825 | 91,373 |
| Sundry payables | 18 | 1,714,675 | 1,813,342 |
| TOTAL OPERATING PAYABLES AND OTHER PAYABLES | | 1,761,500 | 1,904,715 |
| Prepaid income | | 145 | 145 |
| Unrealized foreign exchange gains | | 30,979 | 10,152 |
| TOTAL EQUITY AND LIABILITIES | | 10,224,890 | 8,947,465 |

1.6.3. Notes to the 2020 parent company financial statements

Contents

| | | | | | |
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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. 2014-03 of June 5, 2014), relating to the PCG [*Plan Comptable Général* (General Accounting Plan)], amended by the regulations of the *Comité de la Réglementation Comptable* [Accounting Regulations Committee] and the *Autorité des Normes Comptables* [Accounting Standards Authority]. The main policies applied are as follows:

- going-concern;
- consistency of accounting principles;
- separating of accounting periods;

The basic method used for the items presented in the accounts is the historical cost method.

The Faurecia's financial statements are presented in euros. Except if specifically specified, amounts are in millions of euros; generally, amounts presented are rounded to the closest unit; consequently, the sum of rounded amounts can present non significant differences to the reported total. Moreover, ratios and variances reported are computed with the detailed amounts and not with the rounded amounts.

Only significant information is expressed.

1.1 Property, plant and equipment

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

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

1.2 Investments

The shares in subsidiaries and affiliates are composed of long-term investments that enable control of the issuing company or notable influence to be exercised over it, or that establish business relationship with the issuing company.

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

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

1.3 Marketable securities and related receivables

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

1.4 Foreign currency transactions

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

1.5 Cash and cash equivalents

Cash and cash equivalents are measured at their nominal value.

1.6 Provisions for pensions and other post-employment benefits

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

1.7 Non-recurring items

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

1.8 Financial instruments

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

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

Note 2 Highlights and post-balance sheet events

2.1 Impact Covid-19

The year 2020 has been strongly impacted by the globalization of the Covid-19 pandemic that heavily impacted the automotive industry and all sectors of the economy, especially during the first semester, where, as a consequence of the temporary shutdown of most of its customers' production sites around the globe, Faurecia also had to stop production in a large number of its sites during this period.

Production has then been stopped mainly in China from mid February to early March 2020 (depending on the provinces), in Europe during the second half of March until early May depending on the countries and in North America from end of March to mid May 2020, each time in compliance with local regulations. The Group has then ensured the safe restart of production in these different areas applying the local regulations and depending on the restart of its customers' plants.

In the light of this unprecedented situation, Faurecia immediately implemented from March 2020 a strong action plan to react to the crisis with three priorities:

- the first priority was the health and safety of all employees as well as the creation of the right conditions for a safe restart of production ("safer together program"), learning from the successful experience in China;
- the second priority was the close management of the Group's liquidity and the protection of a sound financial structure. To this end, quick measures were implemented during the first half year 2020, ensuring the liquidity to face the production drop. Faurecia has then drawn €600 million out of its €1.2 billion Syndicated Credit Facility, signed and drawn a new Club Deal of €800 million and extended its factoring program to the newly integrated SAS business. The debt has then been restructured beginning of the second half 2020, through the additional issue of 2025 bonds and the issue of 2028 bonds for a total of €1,000 million, on July 31, 2020, enabling the repayment of the €800 million loan, as well as later on the repayment of the drawn part of the syndicated credit facility. In addition, the Board of Directors took the decision, approved by shareholders at the June 26, 2020 Annual General Meeting, to cancel the 2020 dividend;

- the third priority was to deploy quick actions to further improve the Group's resilience, on top of the continuous improvement since mid-2018, in order to limit the impact of the sharp sales drop on operating income. Faurecia has then taken all the necessary measures to drastically reduce, in the short term, its costs, development expenses and investments, including putting employees in all sites on temporary unemployment, according to the reduction of the activity faced by the site.

At the end of June 2020, production was running on all the plants of the Group, the gradual recovery of the activity has then continued during the second semester. From September 2020, the activity of the Group has come back to the level of last year. The impacts on Group results and on the estimates used for the year end closing are being detailed in the Notes 8 and 10 C mainly.

2.2 Merger Peugeot SA and FCA to create Stellantis Group

Within the frame of the merger between Peugeot SA and FCA,

- on October 28, 2020, the boards of Peugeot SA and FCA have approved the sale by Peugeot SA of approximately 7% of Faurecia's paid capital prior to the completion of the merger. The sale of 9,663,000 Faurecia shares, representing around 7% share of Faurecia paid in capital has taken place by Peugeot SA on October 29, 2020. In addition to this sale, commitments on Faurecia governance have been taken by Peugeot SA and FCA to ensure that Stellantis will not acquire control of Faurecia, in line with the initial merger agreement;
- on January 4, 2021, the Extraordinary Shareholder's Meetings of Peugeot SA and FCA have approved the merger of the twogroups;
- on January 12, 2021, as committed by Peugeot SA and FCA, the Faurecia shares held by Peugeot SA have been converted to bearer shares (followed by a conversion to nominative shares) involving the loss of the double voting rights that were attached to them so far, and the three Faurecia Board members representing Peugeot SA in Faurecia's Board have resigned at that date;
- on January 25, 2021, after the realization of the merger between Peugeot SA and FCA effective on January 16, 2021, Stellantis has announced for March 8, 2021, the convening of an Extraordinary Shareholder's Meeting to approve the distribution of the shares held in Faurecia.

1 Financial and accounting information

Parent company's financial statements for the year ended December 31, 2020

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

| (in € thousands) | 2020 | 2019 |
|---|---------------|---------------|
| Provision reversals | 20,000 | 3,776 |
| Expense transfers ⁽¹⁾ | 10,745 | 19,562 |
| Depreciation and amortization | (10,361) | (8,877) |
| Provisions for impairment of current assets | | |
| Provisions for contingencies and charges | (3,156) | (3,811) |
| TOTAL | 17,228 | 10,650 |
| (1) Of which: | | |
| • Transfer of fees included in "Outside services" relating to new financings: | 8,784 | 19,562 |

Note 4 Other income/(expenses)

| (in € thousands) | 2020 | 2019 |
|------------------------------|---------------|---------------|
| Operating income | | |
| Trademark royalties | 31,459 | 71,692 |
| Other income | 28 | 377 |
| SUBTOTAL | 31,487 | 72,069 |
| Operating expenses | | |
| Trademark royalties | 246 | 370 |
| Other non-operating expenses | 618 | 523 |
| SUBTOTAL | 863 | 893 |
| TOTAL | 30,624 | 71,176 |

Note 5 Net financial income (expense)

(in € thousands)

| | 2020 | 2019 |
|--|-------------------|--|
| Financial income | | |
| Income from investments in subsidiaries and affiliates ⁽¹⁾ | 3,723 | 341,234 |
| Other interest and related income | 265,739 | 169,033 |
| Net proceeds from sales of marketable securities | 0 | 21 |
| Provision reversals ⁽²⁾ | 22,850 | 65,344 |
| TOTAL | 292,312 | 575,632 |
| Financing costs | | |
| Interest expense | 245,164 | 128,290 |
| Charges to provisions for impairment of investments ⁽³⁾ | 196,119 | 3,392 |
| Charges to other provisions and other financial expenses | 6,417 | 4,659 |
| TOTAL | 447,700 | 136,341 |
| NET FINANCIAL INCOME (EXPENSE) | (155,388) | 439,291 |
| <i>(1) This item corresponds to dividends received from subsidiaries and affiliates</i> | | |
| <ul style="list-style-type: none"> • Faurecia Services Groupe • Faurecia Tongda Exhaust System • Faurecia Honghu Exhaust Systems Shanghai • Faurecia Investissements • Faurecia Automotive Holdings | 3,723 | 5,750 6,106 9,063 296,892 23,423 |
| <i>(2) Of which:</i> | | |
| <ul style="list-style-type: none"> • reversal of provisions for Faurecia Automotive GmbH shares • reversal of provisions for financial contingencies and charges | 18,191 4,659 | 17,557 |
| <i>(3) Of which:</i> | | |
| <ul style="list-style-type: none"> • allowances of Hennape six • allowances of Faurecia Automotive Belgium | 178,009 18,110 | |

Note 6 Net non-recurring income/(expense)

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

| <i>(in € thousands)</i> | 2020 | 2019 |
|---|--------------|-----------------|
| Non-recurring income | | |
| Proceeds from management activities | 4,502 | 0 |
| Proceeds from disposals of fixed assets ⁽¹⁾ | 69 | 0 |
| Proceeds from disposals of bonus shares | 403 | 30,772 |
| Provision reversals | 1,961 | 13 |
| TOTAL | 6,935 | 30,785 |
| Non-recurring expenses | | |
| On management transactions | 1,241 | 6,883 |
| Carrying amount of fixed and financial assets sold ⁽²⁾ | 1 | 7 |
| Cost of bonus shares sold | 409 | 39,394 |
| Depreciation, amortization and charges to provisions | 0 | 1,981 |
| TOTAL | 1,651 | 48,265 |
| NET NON-RECURRING INCOME/(EXPENSE) | 5,284 | (17,480) |
| <i>(1) Of which proceeds from the sale of investments in subsidiaries and affiliates:</i> | <i>0</i> | <i>0</i> |
| <i>(2) Of which carrying amounts of investments in subsidiaries and affiliates sold or transferred:</i> | <i>0</i> | <i>7</i> |

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> | 2020 | 2019 |
|--|--------------|---------------|
| Tax benefit arising from group relief | 8,733 | 40,304 |
| Other tax (expense) income (tax credit) ⁽¹⁾ | 414 | (9,448) |
| TOTAL | 9,147 | 30,856 |

(1) 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 |
|---|---|-------------------------------|-------------------------------------|-----------|
| AMOUNT AS OF DECEMBER 31, 2018 | 80 | 17 | 0 | 97 |
| Additions (including own work capital) | | | | 0 |
| Disposals | | | | 0 |
| Funding of depreciation, amortization and impairment provisions | | (9) | | (9) |
| Depreciation written off on disposals | | | | 0 |
| Other movements | | | | |
| AMOUNT AS OF DECEMBER 31, 2019 | 80 | 8 | 0 | 88 |
| Additions (including own work capital) | | | | |
| Disposals | | | | |
| Funding of depreciation, amortization and impairment provisions | | (8) | | (8) |
| Depreciation written off on disposals | | | | |
| Other movements | | | | |
| AMOUNT AS OF DECEMBER 31, 2020 | 80 | 0 | 0 | 80 |

Note 9 Property, plant and equipment

| <i>(in € thousands)</i> | 31/12/2020 | | 31/12/2019 |
|-------------------------------------|------------|-----------|------------|
| | Brut | Net | Net |
| Land | 52 | 52 | 53 |
| Buildings | 258 | 0 | 0 |
| Other property, plant and equipment | 635 | (12) | 54 |
| TOTAL | 945 | 40 | 107 |

| <i>(in € thousands)</i> | Land | Buildings | Other property, plant and equipment | Total |
|---|-----------|-----------|---|------------|
| AMOUNT AS OF DECEMBER 31, 2018 | 53 | 0 | 103 | 156 |
| Additions (including own work capital) | | | 20 | 20 |
| Disposals | | | (9,935) | (9,935) |
| Funding of depreciation, amortization and impairment provisions | | | (60) | (60) |
| Depreciation written off on disposals | | | 9,926 | 9,926 |
| AMOUNT AS OF DECEMBER 31, 2019 | 53 | 0 | 54 | 107 |
| Additions (including own work capital) | | | 10 | 10 |
| Disposals | (1) | (13) | | (14) |
| Funding of depreciation, amortization and impairment provisions | | | (76) | (76) |
| Depreciation written off on disposals | | 13 | | 13 |
| AMOUNT AS OF DECEMBER 31, 2020 | 52 | 0 | (12) | 40 |

Note 10 Investments

| <i>(in € thousands)</i> | 31/12/2020 | | | 31/12/2019 |
|--------------------------------------|------------------|----------------|------------------|------------------|
| | Brut | Provisions | Net | Net |
| Equity investments | 4,671,771 | 221,053 | 4,450,718 | 4,628,647 |
| Loans to subsidiaries and affiliates | 318,513 | 0 | 318,513 | 170,823 |
| Other non-current securities | 347 | 0 | 347 | 393 |
| TOTAL | 4,990,631 | 221,053 | 4,769,578 | 4,799,863 |

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

| <i>(in € thousands)</i> | Gross value | Provisions | Carrying amount |
|--|------------------|----------------|------------------|
| AMOUNT AS OF DECEMBER 31, 2018 | 3,571,765 | 87,520 | 3,484,245 |
| Capital stock increases | 1,100,006 | | 1,100,006 |
| Charges to and reversals of provisions | | | 0 |
| Company liquidation | | (44,396) | 44,396 |
| Sale of shares | | | 0 |
| AMOUNT AS OF DECEMBER 31, 2019 | 4,671,771 | 43,124 | 4,628,647 |
| Acquisitions | | | 0 |
| Capital stock increases | | | 0 |
| Charges to and reversals of provisions | | 177,929 | (177,929) |
| Company liquidation | | | 0 |
| Sale of shares | | | 0 |
| AMOUNT AS OF DECEMBER 31, 2020 | 4,671,771 | 177,929 | 4,450,718 |

Note 11 Receivables

| <i>(in € thousands)</i> | 31/12/2020 | 31/12/2019 |
|--|------------------|------------------|
| Cash advances | 3,675,215 | 3,136,338 |
| Tax due by subsidiaries in the tax group | 3,446 | 9,833 |
| Prepaid and recoverable corporate income tax | 15,097 | 43,462 |
| Recoverable VAT | 776 | 805 |
| Sundry receivables | 1,389 | 1,554 |
| TOTAL | 3,695,925 | 3,194,145 |

All receivables are due in less than one year.

Prepaid and recoverable corporate income tax corresponds to tax credits of €9.4 million and the down-payments made in 2020 amounting to €5.7 million

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Parent company's financial statements for the year ended December 31, 2020

Note 12 Marketable securities and related receivables

As of December 31, 2020, this item includes:

| <i>(in € thousands)</i> | 31/12/2020 | 31/12/2019 |
|------------------------------------|----------------|---------------|
| Treasury stock | 19,078 | 43,815 |
| Liquidity agreement | 0 | 915 |
| Securities | 679,584 | 155 |
| Depreciation of mutual fund | (76) | 0 |
| Deposits | 80,000 | 0 |
| TOTAL MARKETABLE SECURITIES | 778,586 | 44,885 |

Treasury stock transactions during the year break down as follows:

Shares

| <i>(in € thousands)</i> | Number of shares | Amount |
|---|------------------|---------------|
| Amount as at December 31, 2019 | 1,130,994 | 43,815 |
| Distribution of treasury stock ⁽¹⁾ | (631,721) | (24,737) |
| Shares buyback | 0 | 0 |
| Amount as at December 31, 2020 | 499,273 | 19,078 |

(1) The treasury shares distributed in 2020 were delivered to French or foreign employees of the Group within the framework of the action allocation plan n° 8 (see Note 15.3).

Liquidity agreement

| <i>(in € thousands)</i> | Number of shares | Amount |
|---------------------------------------|------------------|------------|
| Amount as at December 31, 2019 | 19,000 | 915 |
| Shares buyback | 1,919,251 | 73,945 |
| Shares sales | (1,938,251) | (74,860) |
| Amount as at December 31, 2020 | 0 | 0 |

Note 13 Prepaid expenses

Prepaid expenses mainly comprise:

| <i>(in € thousands)</i> | 31/12/2020 | 31/12/2019 |
|------------------------------|--------------|------------|
| Commissions and bank charges | 0 | 0 |
| Rent | 0 | 0 |
| Other | 4,011 | 39 |
| TOTAL | 4,011 | 39 |

Note 14 Deferred charges

Deferred charges as of December 31, 2020 refer to financing fees.

A bond loan of €700 million nominal amount issued on July 31, 2020 (Maturity June 15, 2028 - rate 3.75%) generated issuance costs of which €5.4 million were charged as expenses to be spread over eight years.

An additional €300 million nominal amount (Maturity June 15, 2025 - rate 2.625%) generated additional issuance costs of which €2.3 million were charged as expenses to be spread over five years as well.

Note 15 Shareholders' equity

15.1 Change in shareholders' equity

| <i>(in € thousands)</i> | Amount as at 31/12/2019 | Appropriation decision at the OGM of 06/26/2020 | Capital stock increase | Net income for the fiscal year | Amount as at 31/12/2020 |
|-----------------------------------|----------------------------|--|---------------------------|--------------------------------------|-------------------------------|
| 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 | 1,416,399 | 477,124 | | | 1,893,523 |
| Net income for the fiscal year | 477,124 | (477,124) | | (122,783) | (122,783) |
| TOTAL | 3,592,779 | 0 | 0 | (122,783) | 3,469,996 |

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

As at December 31, 2020, the share capital was €966,250,607, divided into 138,035,801 fully paid-up shares of €7 each.

As of December 31, 2020, 55,820,300 registered shares held double voting rights.

There are no share subscription options as of December 31, 2020.

15.3 Free share allocation plans

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

The performance conditions for the plan attributed by the Board of July 25, 2016 have been met, the corresponding shares, i.e. 631,721 have been definitely distributed in July 2020. The performance conditions for the plan attributed by the Board of July 20, 2017 have been met, the corresponding shares, ie 440,567 will be definitely distributed in July 2021. To date, there is no decision by the Board of Director on the terms and conditions for the distribution of shares corresponding to the other plans (treasury shares or capital increase).

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Details of the share grant plans as of December 31, 2020 are set out in the table below:

| Date of Annual Shareholders' Meeting | Date of Board meeting | Maximum number of free shares that can be granted * for: | | Performance condition |
|--------------------------------------|-----------------------|--|-------------------------|--|
| | | reaching the objective | exceeding the objective | |
| 5/29/2018 | 7/19/2018 | 358,274 | 465,760 | 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 |
| 5/28/2019 | 10/9/2019 | 828,960 | 1,078,310 | 2021 after tax income target as stated in strategic plan when granted, Faurecia earning per share growth compared to a reference group of companies and percentage of diversity men-women within the management population |
| 6/26/2020 | 10/22/2020 | 1,045,030 | 1,359,070 | 2022 after tax income target as stated in strategic plan when granted, Faurecia earning per share growth compared to a reference group of companies and percentage of diversity men-women within the management population |

* Net of free shares granted cancelled.

Note 16 Provisions for contingencies and charges

(in € thousands)

| | As of 31/12/2020 | As of 31/12/2019 |
|--|------------------|------------------|
| Provision for contingencies | | |
| Foreign exchange losses | 5,702 | 4,659 |
| Other | 0 | 0 |
| SUB-TOTAL | 5,702 | 4,659 |
| Provisions for charges | | |
| Provision for pensions and other post-employment benefits ⁽¹⁾ | 8,735 | 5,579 |
| Other provisions for charges | 21 | 1,981 |
| SUB-TOTAL | 8,756 | 7,560 |
| TOTAL | 14,458 | 12,219 |

(1) Provisions for pensions and other post-employment benefits cover the following costs payable by the Company on retirement of employees:

- post-retirement benefit obligations;
- supplementary pensions paid to some employees.

For this last obligation, she is released from her commitments by a deduction of the capital necessary for the service of the annuity that the insurance company, responsible for this service, makes from the fund set up to cover retirement commitments not yet definitively acquired. The Company therefore no longer has any obligation towards former employees.

The actuarial valuation was carried out by independent actuaries. The calculations were made on the basis of a discount rate of 0.65% and an inflation rate of 1.8%.

The variation in the provision is mainly explained by the commitment relating to a specific additive scheme for members of the Comex (defined benefit for French members and defined contribution for foreign members) which was approved in 2015. It guarantees an annuity based on the reference salary.

In order to comply with the Pacte law from May 22, 2019 and its notification of July 3, 2019 transposing Directive 2014/50/EU, this defined benefit scheme has been closed as of December 31, 2019, the rights acquired being frozen as of December 31, 2019.

| <i>(in € thousands)</i> | 2020 | 2019 |
|------------------------------|--------------|--------------|
| Projected benefit obligation | 19,075 | 15,334 |
| Hedging of obligations | (8,781) | (10,493) |
| Deferred items | (1,559) | 738 |
| PROVISIONS | 8,735 | 5,579 |

| <i>(in € thousands)</i> | 2020 | 2019 |
|--------------------------------|----------------|----------------|
| Service cost | (2,551) | (3,570) |
| Interest cost | (698) | (460) |
| Expected return on plan assets | 93 | 219 |
| TOTAL | (3,156) | (3,811) |

Changes in provisions for liabilities and charges in 2020 were as follows:

| <i>(in € thousands)</i> | Amount as at 31/12/2019 | Additions | Reversals (surplus provisions) | Payments to retirement funds | Amount as at 31/12/2020 |
|---|----------------------------|--------------|-----------------------------------|---------------------------------|----------------------------|
| Provisions for currency risks | 4,659 | 5,702 | (4,659) | | 5,702 |
| Provisions for pensions and other employee obligations | 5,579 | 3,156 | | | 8,735 |
| Other provisions for charges | 1,981 | | (1,960) | | 21 |
| TOTAL | 12,219 | 8,858 | (6,619) | 0 | 14,458 |

Note 17 Borrowings

| <i>(in € thousands)</i> | 31/12/2020 | 31/12/2019 |
|---|------------------|------------------|
| Bond issue premium | 9,259 | 10,962 |
| Other bonds | 3,150,000 | 2,150,000 |
| Borrowings and debts from credit institution | 1,784,440 | 1,262,151 |
| Other borrowings | 4,114 | 4,342 |
| TOTAL | 4,947,813 | 3,427,455 |

16.9% of the Company's debt is at variable rates. This debt is hedged using interest-rate caps as described in Note 21.1.

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

| (in € thousands) | As of 31/12/2020 |
|------------------|------------------|
| Maturing in 2021 | 814,566 |
| Maturing in 2022 | 334,996 |
| Maturing in 2023 | 188,376 |
| Maturing in 2024 | 292,500 |
| Maturing in 2025 | 1,158,115 |
| Maturing in 2026 | 750,000 |
| Maturing in 2027 | 700,000 |
| Maturing in 2028 | 700,000 |
| TOTAL | 4,938,553 |

The main components of Faurecia financing are described below:

Syndicated credit facility

On December 15, 2014, Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1.200 million. This credit facility was renegotiated on June 24, 2016, 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.

A first one-year extension option has been exercised in June 2019, extending the maturity of this credit facility to June 2024.

In order to secure the liquidity of the Group during the Covid-19 crisis, €600 million have been drawn down in March 2020. This amount has been reimbursed in full in September 2020; the drawn part of this facility was then nil as of December 31, 2020.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt ⁽¹⁾ / EBITDA ⁽²⁾ must be lower than 2.79 ⁽³⁾. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2020, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 35% of the Group's Total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

(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.

(3) This limit was previously at 2.50 and has been changed to 2.79 to take into account the implementation of IFRS 16.

Schuldscheindarlehen

Faurecia has signed on December 17, 2018 a private placement under German law (*Schuldscheindarlehen*) for a Total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of four, five and six years, €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.

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

¥30 billion credit facility

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

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

As of December 31, 2020, the drawn amount was at ¥20 billion, representing €158.1 million.

This credit facility benefits from the same restrictions as the €1.2 billion credit facility.

€800 million credit facility for 18 months

On April 10, 2020, in order to secure the liquidity of the Group, Faurecia has signed a credit facility for an amount of €800 million with four banks. This credit facility is a term loan with an 18 months maturity. The loan has been fully drawn.

This credit facility benefited from the same restrictions as the €1.2 billion credit facility. It didn't benefit from a state guarantee.

This credit facility has been fully repaid on July 31, 2020, with the proceeds of the issues, on one side, of additional 2025 bonds and on the other side, of 2028 bonds, for a Total amount of €1000 million, on the same date (see below).

2025 bonds

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

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

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

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

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

As of December 31, 2020, the Total amount of these 2025 bonds amounted to €1,000 million.

2026 bonds

On March 27, 2019, Faurecia issued bonds for an amount of €500 million due June 15, 2026, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2019.

These bonds benefit from the same restrictions as the 2025 bonds.

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

The bonds are listed on the Global Exchange Market of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

In order to prefinance the acquisition of 50% of SAS shares, an additional issue for €250 million of these 2026 bonds has been done on October 31, 2019. These additional bonds have been issued at 104.50% of the par, which corresponds to a yield to maturity of 2.40%. As of December 31, 2020, the amount of these 2026 bonds amounted to €750 million.

2027 bonds

On November 27, 2019, Faurecia issued bonds for an amount of €700 million due June 15, 2027, carrying annual interest of 2.375%, payable on June 15 and December 15 each year, as from June 15, 2020.

These bonds benefit from the same restrictions as the 2026 bonds.

The proceeds of these bonds have been used to refinance the €700 million bonds due June 15, 2023 carrying annual interest of 3.625%, issued on April 1, 2016.

This refinancing has been done through a tender offer through which 2023 bond holders could exchange their bonds against new 2027 bonds. The success rate of exchange has reached 76%. The bonds that were not tendered in this offer have been redeemed in accordance with the offering memorandum. The settlement of these two operations has taken place respectively on November 25 and November 28, 2019.

The exchange premium for bonds tendered in the offer is amortized over the duration of the new 2027 bonds; the repayment premium for bonds redeemed by anticipation has been expensed in the year 2019.

The bonds are listed on the Global Exchange Market of Euronext Dublin. Costs related to the bond issue are expensed in P&L over the life time of the bonds.

2028 bonds

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

These bonds benefit from the same restrictions as the 2027 bonds.

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

Finally, during the second half of 2020, Faurecia regularly issued commercial paper with a maturity date of up to one year to investors mainly in France. Their outstanding amount was 780.5 million euros as of December 31, 2020.

On June 12, 2020, Fitch confirmed Faurecia's BB + rating, assigning it a negative outlook. On June 19, Standard & Poor's downgraded Faurecia's rating from BB + to BB with a stable outlook, and Moody's downgraded Faurecia's rating from Ba1 to Ba2, with a stable outlook.

Note 18 Operating payables and other liabilities

| <i>(in € thousands)</i> | 31/12/2020 | 31/12/2019 |
|------------------------------------|-------------------|-------------------|
| Trade payables | 15,486 | 10,234 |
| Other operating payables | 31,339 | 81,139 |
| SUBTOTAL OPERATING PAYABLES | 46,825 | 91,373 |
| Cash advances from subsidiaries | 1,709,373 | 1,812,442 |
| Other liabilities | 5,302 | 900 |
| SUBTOTAL OTHER PAYABLES | 1,714,675 | 1,813,342 |
| TOTAL | 1,761,500 | 1,904,715 |

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

Note 19 Deferred taxes

Deferred taxes relate to:

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

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

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

Deferred taxes can be analyzed as follows:

| <i>(in € thousands)</i> | 31/12/2020 | 31/12/2019 |
|--|-------------------|-------------------|
| Deferred taxes relating to the tax savings arising from using losses in tax-group subsidiaries | (542,881) | (693,462) |
| SUBTOTAL, DEFERRED TAX LIABILITIES | (542,881) | (693,462) |
| Tax paid on taxable income that is not yet recognized | (71) | 1,406 |
| Charges recognized that are deductible for tax purposes in future years | 4,356 | 6,507 |
| Future tax savings on tax loss carry forwards of the tax group | 331,877 | 412,415 |
| SUBTOTAL, DEFERRED TAX ASSETS | 336,162 | 420,328 |
| NET DEFERRED TAX (LIABILITIES)/ASSETS | (206,719) | (273,133) |

Note 20 Financial commitments

Endorsements, sureties and guarantees include commitments to subsidiaries and direct and indirect equity investments for an amount of €93.1 million (€93.1 million as of December 31, 2019).

Note 21 Financial instruments used to hedge market risks

21.1 Foreign exchange hedges

The Company manages interest rate hedging centrally. This management is implemented by the Faurecia group's Finance and Treasury department, under the responsibility of general management. Management decisions are taken

within a Market Risk Management Committee which meets monthly.

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

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

| As of 31/12/2019 (in € millions) | Notional amounts by maturity | | |
|----------------------------------|------------------------------|--------------|-----------|
| | < 1 year | 1 to 5 years | > 5 years |
| Interest rate options | | | |
| Variable rate/fixed rate swaps | | 714 | |

Share of variable rate debt (before rate swap): 16.90%

21.2 Currency hedges

The Company centrally covers the foreign exchange risk of its subsidiaries, linked to their commercial operations, by means of forward or optional foreign exchange transactions as well as financing in foreign currencies. This centralized management is implemented by the Faurecia group Finance and Treasury department, under the responsibility of general management. Management decisions are taken within a Market Risk Management Committee which meets monthly.

- Future transactions are hedged on the basis of forecast flows established during the preparation of budgets approved by General Management, these forecasts being updated regularly.

- Currency risk on inter-company loans and borrowings to/from subsidiaries outside the eurozone that are denominated in the subsidiaries' functional currency but referenced in euros is hedged through swaps.

As of December 31, 2020, the foreign exchange swaps in place relate to the following currencies:

| At 31/12/2020 (in millions) | Net position | | (in € millions) |
|-----------------------------|--------------|----------|-----------------|
| | Buyer | Seller | |
| BRL | 30.0 | 0.0 | 4.7 |
| CAD | 0.0 | 0.8 | 0.5 |
| DKK | 0.0 | 219.3 | 29.5 |
| GBP | 80.0 | 0.0 | 89.0 |
| JPY | 0.0 | 10,731.5 | 84.8 |
| RUB | 2,652.5 | 0.0 | 29.0 |
| USD | 0.0 | 246.0 | 200.5 |
| CNY | 0.0 | 15.8 | 2.0 |
| SEK | 0.0 | 95.2 | 9.5 |
| CHF | 6.0 | 0.0 | 5.6 |

* Note: these are foreign exchange swaps that cover intra-group deposits and loans.

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Note 22 Average headcounts

| | 2020 | 2019 |
|--------------|----------|----------|
| Management | 8 | 9 |
| Staff | 0 | 0 |
| TOTAL | 8 | 9 |

Note 23 Compensation

In 2020, total attendance fees paid to directors amounted to €703,000 compared with €614,870 in 2019.

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

Peugeot S.A. – Route de Gisy,
78140 Vélizy Villacoublay, France

Company Identification (SIRET) No. 552 100,554 00021

1.6.4. Five-year financial summary

| <i>(in € millions)</i> | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|---------------|--------------|--------------|--------------|--------------|
| 1 – CAPITAL STOCK AT END OF PERIOD | | | | | |
| a) Capital stock | 966,250,607 | 966,250,607 | 966,250,607 | 966,250,607 | 966,250,607 |
| b) Number of ordinary shares outstanding | 138,035,801 | 138,035,801 | 138,035,801 | 138,035,801 | 138,035,801 |
| c) Maximum number of future shares to be created: by exercising stock options | 0 | 0 | 0 | 0 | 244,200 |
| 2 – OPERATIONS AND RESULTS FOR THE FISCAL YEAR | | | | | |
| a) Sales excluding tax | 34,843,000 | 30,146,000 | 33,439,165 | 290,857,463 | 302,199,773 |
| b) Income before tax, employee profit-sharing, depreciation, amortization and provisions | (330,269,884) | 462,414,608 | 440,662,106 | 113,474,100 | 109,966,776 |
| c) Corporate income tax ⁽¹⁾ | (9,303,708) | (31,436,160) | (31,692,192) | (18,331,259) | (25,573,498) |
| d) Employee profit-sharing | 0 | 0 | (0) | 0 | 0 |
| e) Income after tax, employee profit-sharing, depreciation, amortization and provisions | (122,782,135) | 477,124,055 | 415,679,804 | 94,364,262 | 99,944,506 |
| f) Total dividend ^{(2) (3)} | 138,035,801 | 0 | 172,544,751 | 151,839,381 | 124,232,221 |
| 3 – EARNINGS PER SHARE | | | | | |
| a) Income after tax and employee profit-sharing, but before depreciation, amortization and provisions | (2,45) | 3,15 | 3,40 | 0,95 | 0,98 |
| b) Income after tax, employee profit-sharing, depreciation, amortization and provisions | (0,89) | 3,46 | 3,01 | 0,68 | 0,72 |
| c) Net dividend per share | 1,00 | 0,00 | 1,25 | 1,10 | 0,90 |
| 4 – PERSONNEL | | | | | |
| a) Average number of employees during the fiscal year | 8 | 9 | 8 | 8 | 8 |
| b) Total payroll for the fiscal year | 12,332,626 | 16,239,993 | 19,920,220 | 16,977,910 | 8,677,854 |
| c) Total employee benefits paid for the fiscal year (social security, other social benefits, etc.) | 1,890,759 | 4,187,781 | 5,109,349 | 6,933,157 | 9,975,137 |

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

(2) The 2020 dividend is pending approval by the Ordinary General Meeting of the proposed appropriation of 2020 net income.

(3) The part of the 2020 dividend corresponding to shares that the Company holds on its own behalf at the payment date will be allocated to "Retained earnings".

1 Financial and accounting information

Parent company's financial statements for the year ended December 31, 2020

1.6.5 Subsidiaries and affiliates

| (in € thousands) | Capital stock | Reserves and retained earnings before appropriation of net income | Share of capital stock owned (as a%) | Gross carrying amount of investment | 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 |
|---|---------------|---|--------------------------------------|-------------------------------------|-----------------------------------|--|---|---|---|--|--|
| I. DETAILED INFORMATION | | | | | | | | | | | |
| A. Subsidiaries (at least 50% of capital stock owned by the Company) | | | | | | | | | | | |
| Faurecia investments | 103,567 | 620,869 | 100.00 | 480,395 | 480,395 | 1,122,632 | 0 | 0 | 40,970 | 0 | |
| Faurecia Automotive Belgium | 10,000 | 18,269 | 100.00 | 60,196 | 17,199 | 386 | 0 | 0 | (11 105) | 0 | |
| Faurecia USA Holdings Inc. | 15 | 456,993 | 85.03 | 600,699 | 600,699 | 225,812 | 0 | 40,894 | (51,413) | 0 | EUR 1 = 1,1993 USD BS/1,129287 USD PL * |
| ET Dutch Holdings BV | 18 | 414,117 | 100.00 | 610,550 | 610,550 | 109,711 | 0 | 1,040 | (213,934) | 0 | |
| Faurecia Automotive Holdings | 23,423 | 462,466 | 100.00 | 918,260 | 918,260 | 938,386 | 0 | 211,610 | (80,821) | 0 | |
| Faurecia Exhaust International | 7,301 | 55,481 | 100.00 | 82,301 | 82,301 | 248,527 | 0 | 0 | 32,592 | 0 | |
| Faurecia Services Groupe | 40 | (602) | 100.00 | 46 | 0 | 0 | 0 | 326,343 | 5,345 | 0 | |
| Faurecia Honghu Exhaust Systems Shanghai | 6,023 | 78,091 | 59.97 | 1,212 | 1,212 | 0 | 0 | 36,566 | 17,896 | 0 | EUR 1 = 7,8044 CNY BS/7,626438 CNY PL * |
| Faurecia Holdings Espana | 3,010 | 480,330 | 60.59 | 514,183 | 514,183 | 72,094 | 0 | 0 | (71,446) | 0 | |
| Hennape six | 1,100,010 | (12,845) | 100.00 | 1,100,010 | 922,000 | 24,200 | 0 | 0 | (196,936) | 0 | |
| B. Affiliates (10%-50% of capital stock owned by the Company) | | | | | | | | | | | |
| Faurecia Automotive Espana S.L. | 7,138 | 706,313 | 10.66 | 76,449 | 76,449 | 0 | 0 | 39,408 | 35,734 | 0 | |
| Faurecia Automotive GmbH | 146,420 | 134,296 | 25.81 | 225,184 | 225,184 | 0 | 0 | 3,070 | 33,344 | 0 | |
| Faurecia Tongda Exhaust System (WUHAN) Co, Ltd | 4,791 | 20,926 | 50.00 | 2,217 | 2,217 | 0 | 0 | 23,967 | 6,658 | 3,723 | EUR 1 = 7,8044 CNY BS/7,626438 CNY PL |
| II. SUMMARIZED INFORMATION | | | | | | | | | | | |
| Subsidiaries and affiliates not included in Section A | | | | 74 | 74 | 0 | | | | 0 | |
| Subsidiaries and affiliates not included in Section B | | | | | | | | | | | |
| TOTAL | | | | 4,671,776 | 4,450,723 | 2,741,747 | | | | 3,723 | |

1.7. Statutory auditors' report on the financial statements for the year ended December 31, 2020

Year ended December 31, 2020

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders.

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

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Faurecia for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

Basis for Opinion

Audit Framework

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

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules required by the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments - Key Audit Matters

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

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

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

ASSESSMENT OF THE VALUE IN USE OF EQUITY INTERESTS

(Note 1.2 and 10 "Investments" to the financial statements)

Risk identified

The balance of equity interests as at December 31, 2020 amounted to M€ 4 451, representing 44% of the assets on the balance sheet.

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

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

We deemed the assessment of the value in use of equity interests to be a key audit matter due to the materiality of these assets to the balance sheet and the inherent uncertainty of specific inputs applicable to the assessment of their value in use, in particular the likelihood of achieving the discounted cash flows forecast by management in its forecasts, especially in the crisis evolutive context related to Covid-19.

Our response

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

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

With the support of our asset valuation experts, we assessed the appropriateness of the key assumptions considered in the Covid-19 context and used to determine expected future cash flows and in particular:

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

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

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (*Code de commerce*).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L.225-37-4 et L.22-10-10 [L.225-37-4, L. 22-10-10 et L.22-10-9] of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Verifications or Information Required by Laws and Regulations

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

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*).

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Faurecia by the Annual General Meetings held on May 28, 2019 for MAZARS and on June 17, 1983 for ERNST & YOUNG Audit.

As at December 31, 2020, MAZARS and ERNST & YOUNG and Young were second year and the thirty-eight year of total uninterrupted engagement which are the second year and the twenty-second year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

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

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, February 22, 2021

The Statutory Auditors

French original signed by

MAZARS

David Chaudat

Grégory Derouet

ERNST & YOUNG Audit

Jean-Roch Varon

Guillaume Brunet-Moret

2

Risk factors and management

| | |
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2 Risk factors and management

Contributors and systems

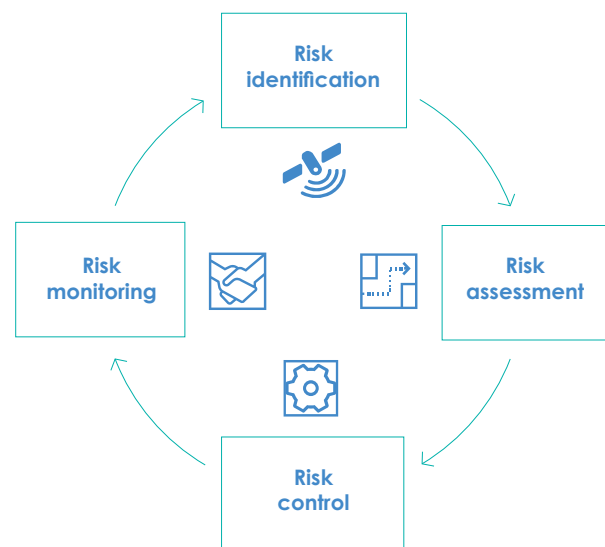
This section describes the parties involved in managing the Faurecia group's risks and the main significant risks to which the Group believes it is exposed as of the date of this Universal Registration Document. However, other risks that the Group is not aware of at the date of this Universal Registration Document, or which are not considered to date as likely to have a significant unfavorable impact for the Group, its Business Groups, its financial position, its results or its outlook, may exist or occur.

2.1. Contributors 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 contributors provide information to the Audit Committee which conducts every

year a formal review of the internal control and risk management systems.

The charts below provide a summary of the organization and functioning of internal control and risk management within the Group:



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 by its Operations Committee.

2.1.2. Functional departments

Focusing on their specific domains, the Group's functional departments are responsible for complying and ensuring compliance with current regulations and standards, improving their processes and working with the other departments in order to improve cross-functional processes.

2.1.2.1. Finance department

PRINCIPLES APPLIED TO THE PREPARATION OF FINANCIAL STATEMENTS

The Group Finance department, which reports to the Chief Executive Officer, is responsible for outlining the rules and procedures, consolidating the financial statements, managing cash and financing, and carrying out management control, internal control and Internal Audits.

It is responsible for performing the following tasks:

- determining the Group's accounting and financial standards in accordance with IFRS as adopted by the European Union and the tax provisions and accounting standards specific to each country, and ensuring compliance with them;
- preparing the annual parent company financial statements, the monthly consolidated financial statements and, more specifically, the interim and annual financial information to be reported;
- outlining, improving and ensuring enforcement of the internal control procedures needed to produce reliable accounting information. These procedures include in particular a generalization of the permanent inventory process completed by physical inventory takings at least once a year, the separation of tasks, and strict monitoring of access to the various 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 who manage the shared financial service centers report to the Group's Finance department and 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 improvements to the internal control procedures specific to their scope;
- strengthening the role and skills of the accounting function;
- close collaboration with operational sites within their scope in order to work with them to solve internal control issues and to improve the overall effectiveness of the financial process.

Internal and financial controllers are stakeholders in the Group's strategy and sales, R&D and industrial activities at all levels and report (i) hierarchically to Site, Division and Business Group managers and (ii) functionally to the Group Finance department. Through their function, they are therefore stakeholders in the definition and achievement of the operational objectives.

This organization between, on one hand, shared services responsible for producing the financial statements and complying with the standards, and on the other, the controllers considered as co-pilots for the management of operational entities, enables a real separation of tasks and a better development of skills in each role, resulting in better overall effectiveness and reduced risk of fraud.

The following principles are implemented across the Group to prepare financial statements:

- completeness of transaction processing;
- transaction compliance with applicable accounting principles;
- periodic review of assets.

FINANCIAL REPORTING PROCESS

The goal of the reporting process is to provide all the financial and non-financial information needed to manage the Group and disclose the financial statements in accordance with applicable accounting standards and the rules decreed by the *Autorité des Marchés Financiers* (AMF). A "reporting glossary" describes the content of all reporting data, and procedures explain how reporting should be conducted.

MONTHLY REPORTING

The Oracle HFM (Hyperion Financial Management) and PBCS (Planning and Budgeting Cloud Service) consolidation systems are used for the monthly reporting of both financial information (income statement and balance sheet data) and non-financial information (such as indicators relating to quality, production, purchasing, safety, human resources, etc.). Each business unit reports its final results of operations four days after the end of the month in accordance with Group standards. Every month, the Operations Committee reviews the operational performance and action plans of each Business Group.

BUDGET AND STRATEGIC PLAN

The Group draws up a 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 tools as for monthly reporting and it is also used to define the budgetary targets for the following year.

Due to the health crisis of 2020, the detailed five-year strategic plan usually prepared has been replaced by a "disruptive model for resilience" and a strategic review by 2022 of the development of the Group's various activities, in particular as part of the preparation for the Capital Markets Day which took place on February 22, 2021.

In order to effectively anticipate short-term changes and improve responsiveness, monthly reporting includes a rolling forecast for the income statement and cash flow statement for the current and subsequent quarters.

INFORMATION SYSTEMS

For process and data management purposes, Faurecia uses a unique management software package based on SAP software. This solution is common to all sites (except recent acquisitions) and enables normalization and digitalization to occur at a faster pace. All management processes (orders, inventory, flow of parts, receiving, shipping, accounting, etc.) are supported by this solution.

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

2.1.2.2. 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 the financial and accounting information published by the Group;
- cause damage to the Group's image and reputation;
- expose the Group to regulatory or legal sanctions from the various jurisdictions and competition authorities of the countries in which it operates;
- threaten the Group's employees and ecosystem (risk of kidnapping, natural disasters, epidemics, environmental risks);
- prevent the Group's customers from producing, delay their production or hinder their product and service performance (critical equipment breakdown, quality risks, delay in product development);
- prevent the Group from being able to continue to finance its operations (cash flow crisis);
- threaten the confidentiality of the information held by the Group on its own behalf (intellectual property, data on technologies, financial data) or with regard to its employees (personal data).

By helping to prevent and control risks that could negatively impact the Group in attaining its goals, the 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 throughout the Company and its fully consolidated subsidiaries and covers a larger scope than the procedures related to the preparation and processing of accounting and financial information.

INTERNAL CONTROL 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. Please note that the "basic" module is mandatory for all Group executives;
- preparation for COSO certification, which is an internal control standard defined by the Committee of the Sponsoring Organization of the Treadway Commission. Faurecia's primary contributors in internal control all hold COSO certification;
- self-assessment campaigns touching all corporate management cycles (business management, direct and indirect purchases, inventory management, management of property, plant and equipment, salary management, tracking of standard costs, information system management, management of expats and other personnel transfers, etc.). A self-assessment questionnaire addressing the most important control items for operational sites (plants and Research & Development centers) was disseminated in 2017, in order to help these sites strengthen their internal control system (methods of proof, identification of weaknesses and corresponding action plans). Since 2018, the scope of the self-assessment has been extended to the registered office and administrative centers to provide Faurecia's business activities with comprehensive coverage; This questionnaire is being reviewed on a yearly basis.
- regular communication with operational entities, functional departments and the Executive Committee to make all business lines aware of current topics (fraud, improvement actions, best practices, etc.);
- monitoring of "high" and "critical" recommendations raised by Internal Audit as part of their assignments in the event of non-resolution beyond a period of 6 months.

Internal control representatives are present at several levels of the organization (Group, 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: the Group culture ("Being Faurecia"), which is grounded in six key values and the Code of Ethics, the Management Code, and the Faurecia Excellence System. The Faurecia Excellence System represents the operational focus, shaping how Group employees work worldwide and structuring the Group's identity.

The documentation on which the internal control system is based is therefore made up of the following items, which can all be accessed on the Group's intranet:

- the Code of Ethics and the Management Code;
- Manager Empowerment which sets out six general cross-functional principles for managers in certain key areas: Acquire a new program; Assess Managers and Professionals; Decide on Capital Expenditures; Decide on Exceptional Items; Manage Managers and Professionals Compensation; Staff Managers and Professional positions;

- the Faurecia Core Procedures are set out within nine processes developed by each Group division respecting a common general framework and apply to all subsidiaries controlled by the Group. They are regularly updated and continually enhanced. The nine processes are as follows:
 - Production Control and Logistics,
 - Purchasing,
 - Quality and HSE (Health, Safety and Environment),
 - PMS (Program Management System) and Engineering,
 - Sales and Marketing,
 - Communication,
 - Finance,
 - Human Resources,
 - Information Technology;
- Faurecia's Alert Management System (AMS) immediately informs 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 and 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.

2.1.2.3. Internal Audit

The Internal Audit department assesses the effectiveness of the internal control and governance mechanism and checks that Group procedures are in compliance with local laws and regulations. It sets its missions based primarily on the Group's risk mapping and an independent risk assessment.

The Internal Audit department is under the responsibility of the Chief Financial Officer, with an option to directly alert the Chief Executive Officer and the Chairman of the Audit Committee. It submits the audit program for approval once a year to the Chief Executive Officer, the Chief Financial Officer and the Audit Committee. It regularly reports to them on the results of its audit missions and the measures taken to achieve its audit objectives. It reports to the Audit Committee at least twice per year on the result of its work and its schedule of actions.

Located at the Group's 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. It follows up the recommendations it has made to the audited sites by (i) an assessment three, six or 12 months after the final report and (ii) an on-site follow-up if deemed necessary.

The Internal Audit department has an Internal Audit Charter, which was last reviewed in November 2020 and which defines its roles and mission, its field of competence and the audit methodology used.

2.1.2.4. The Compliance and Risk Management department

RISK MANAGEMENT

Risk management is handled by the Group Risk Committee, which is chaired by the Chief Financial Officer. The main tasks of the Risk Committee are to update risk mapping, ensure that the corresponding prevention plans are established and implemented and, more broadly, ensure that risks are monitored regularly.

The Risk Committee meets quarterly. The Chief Financial Officer, the Deputy Chief Financial Officer, the Director of Internal Audit, the Risk Manager, the Chief Compliance Officer and 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 Board of Directors. The risks monitored by this committee are, in particular, associated with personal safety, quality, program management, IT systems, the reliability of supplies, asset protection and fire risk, exposure of industrial sites to certain types of natural disasters, the reliability of financial information, compliance and the environment. In addition to an annual review of the entire risk management system, the Audit Committee conducts an in-depth review of a specific risk several times a year.

In an effort to progress and continuously improve the mechanism, the risk map is reviewed regularly and the inclusion of new risks is submitted to the Risk Committee and the Audit Committee.

In 2016, the Group appointed a risk manager who reports to the Group Chief Compliance Officer and General Counsel. 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.

Since 2018, the Group has launched a risk assessment campaign with Group management every year, working with Internal Audit, to update current risk mapping and identify 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.

In 2020, in addition to the usual work, the risk universe was extended to cover new emerging risks and an analysis of the risks specific to our three historic Business Groups was carried out to supply the Group's risk matrix, but also to provide a risk-oriented vision by business.

COMPLIANCE PROGRAM

Organization

The Compliance and Risk Management department was created in 2015. Its matrix structure relies on functional and operational resources, which allows for wide distribution of its annual plan. The Chief Compliance Officer determines with the Deputy Chief Compliance Officer program priorities that arise from the risk analysis of the previous compliance plan. Regional Compliance Officers (RCOs) drive the compliance program in the regions in which the Group operates, which include North America and Mexico, South America, Asia and EMEA (Europe, Middle East and Africa). The compliance team also relies on a network of contact people, called Compliance Leaders, in each operational division of the 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 Internal Audit and control.

Frame of Reference

Faurecia is a signatory of the United Nations Global Compact Worldwide Pact. 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 is updated on a regular basis, specifically (i) in 2014 as part of the roll-out of the "Being Faurecia" program intended to strengthen the Group culture and thereby contribute to long-term value creation, and (ii) in 2019 to integrate the

changes introduced by measures related to the Sapin II Law. Moreover, the Management Code, established to guide the day-to-day management of teams, customers and also suppliers, translates many of the principles set out in the Code of Ethics into operational terms. The Code is given to each new employee and is available in the Group's main working languages and can also be accessed on the Group's corporate website and intranet.

The Code of Ethics is structured around four topics: respect of fundamental rights, development of economic and social dialog, skills development, ethics and rules of conduct. It forms part of the Faurecia Core Procedures and aims to develop accountability and employee empowerment.

Furthermore, the Group has an anti-corruption Code of Conduct and a best practice guide concerning anti-competitive practices. It contains internal rules that are widely distributed to employees. These rules cover, in particular, the following subjects: policy on gifts and hospitality; donations and sponsorships; managing conflicts of interest (via an electronic tool) and the "golden rules" of competition law.

The functions of the second line of defense regularly monitor risks to prevent and fight against corruption at Faurecia. The compliance and legal departments assess the risks before and / or after acquisition operations. Accounting controls to prevent and identify acts of corruption are carried out by compliance, internal control and financial directors of the countries concerned. In addition, internal audit performs special missions relating to the existence and effectiveness of Faurecia's corruption program. These missions cover a sample of transactions selected by the audit.

Internal rules exist in relation to the risk tracking system for Faurecia's third parties and their co-contractors, where applicable.

Training and Communication

In order to maintain the Group's strong culture of ethics and compliance, the Compliance department introduced a training program tailored to risks that targeted populations may encounter.

The training and communication program on ethical rules and compliance relies on various internal communication mechanisms. There is a core of mandatory online training (MOOC) focusing in particular on ethics, competition rules and the fight against corruption. To maintain a strong culture of compliance, the Compliance Department has set up training sessions accessible to all Faurecians (including temporary employees, interns, consultants, etc.). These training courses are adapted to Faurecia's risk profile and include those faced by the populations concerned. 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 publications as well as blogs and intranet communities provide opportunities for the Group to communicate more widely about the Group's internal rules.

Moreover, Regional Compliance Officers and Compliance leaders regularly organize, at industrial sites and within divisions of the Business Groups, on-site training or communication sessions to ensure a close culture of ethics and compliance. These training sessions also occur, in particular, in the context of audit duties conducted by the Internal Audit.

Governance

The measures taken by the Group to prevent breaches, including the risk of corruption as well as areas for improvement, are presented and discussed on a regular basis in the 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 Regional Compliance Officers oversees one or several quarterly Compliance Committees to present the actions and results of the compliance program at their 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 and the General Data Protection Regulation (EU GDPR). Thus, any Group employee (Faurecians, including temporary employees, interns, consultants, etc.) as well as any person and entity are called upon to express their concerns or report a violation of the Code of Ethics, the Code of Conduct for prevention of corruption, internal policies and procedures or the law, by reporting it to the company's management:

- either via the internal whistle-blowing procedure: any Group employee may share their concerns or indicate non-ethical behavior to their direct supervisor, to someone in Human Resources, or a compliance team member;
- or through a dedicated whistle-blowing hotline: this channel may be used specifically for the most serious cases mentioned above. This mechanism offers enhanced protection through "legal confidentiality." The dedicated whistle-blowing hotline is accessible via a website: <https://faurecia.ethicspoint.com/>

Compliance communicates widely on the Speak up process, procedures and training. All alerts are received by the Chief Compliance officer and legal counsel who, where applicable, together with Regional Compliance Officers provide legal protection for the whistleblower. Alerts can be entered into the tool in the language desired by the whistleblower. The tool is configured in the main Faurecia languages. Upon receipt of the alert, an investigation procedure is initiated in order to best ensure its management in accordance with applicable internal and local rules. At the end of the investigation, corrective actions can be taken. The compliance department monitors the implementation of these actions and periodically reports on the trends identified.

2.1.2.5. The Legal department

The Legal department consists of a team located in France and in the main countries where the Group operates. In particular, it relies on legal practitioners who are experts in their field (competition, M&A, intellectual property, corporate law and IT), teams of legal practitioners who focus on the work of the Business Groups and on 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 stakeholders

The mechanism outlined above is supplemented by the involvement of external stakeholders including:

- the Statutory Auditors;
- third-party organizations which carry out the following certification processes for the entire Group over a three-year cycle:
 - environment (ISO 14001),
 - quality (ISO TS/IATF);
- engineers from fire and property insurance companies who conduct a biennial audit on each of the Group's sites to:
 - assess fire risks and any potential impact on production and customers,
 - assess whether the prevention and protection measures in place are adequate,
 - issue recommendations to reduce risks.

2.2. Description of the main risks

Each year, the Group draws up a Group risk matrix which summarizes the main risks in terms of impact and probability. This matrix is shown below. Details concerning the various risks featured in this matrix are set out in this section. This representation includes the risk management measures implemented in order to limit the impact and/or the probability of such risks. It constitutes a tool for the internal management of these risks. This risk matrix has been validated by the Audit Committee of the Group as well as the Board of Directors.



In addition to this matrix, the table below also provides an overview of the main risks and associated risk management measures. The categories below are not set out in order of importance. However, within each category, the risk factors are set out in decreasing order of importance determined by the Group as of the date of this Universal Registration Document on the basis of an assessment of their probability and potential impact taking into account mitigating measures (net risk). The assessment made by the Group of this ranking in terms of importance may however be modified at any time, in particular, in response to new events outside or within the Group. Moreover, even a risk that is currently considered to be of lesser importance could have a significant impact on the Group should it occur at a future date.

| Risk | Primary risk control systems | Probability | Impact | Section |
|---|--|-------------|--------|-----------|
| Operational and industrial risks | | | | 2.2.1. |
| Continuity and security of information systems | <ul style="list-style-type: none"> ■ Strategic plan dedicated to Information Systems risks ■ Regular audit of sensitive applications ■ Precise methodology for management of computer projects ■ Existence of a Security Operation Center ■ GDPR compliance program | ●●○ | ●●● | 2.2.1.1. |
| EFPD Climate Transition | <ul style="list-style-type: none"> ■ Roadmap validated by the Science-Based Targets Initiative (SBTi) ■ Special partnership with Schneider-Electric ■ Project manager specialist reporting to the Executive Committee | ●●○ | ●●● | 2.2.1.2. |
| Risk associated with the automotive supplier business | <ul style="list-style-type: none"> ■ Diversity of sales by region, by brand and vehicle model ■ Constant monitoring of the competition ■ Innovation and investment in Research & Development ■ Forward management method enabling fine-tuning of the means of production | ●●● | ●●○ | 2.2.1.3. |
| External Growth | <ul style="list-style-type: none"> ■ Strategic priorities set by the Board of Directors ■ Control and allocation of necessary resources by a team of specialists ■ This team is involved in the life of entities concerned and takes part in decision-making bodies ■ Constitution of provisions as necessary | ●●○ | ●●○ | 2.2.1.4. |
| Program management | <ul style="list-style-type: none"> ■ Existence of a standard organizing the succession of steps for the duration of a program ■ Systematic risk assessment from the initial phase using 28 criteria ■ Monthly review of programs and monitoring of action plans ■ Regular audit of each development center | ●●○ | ●●○ | 2.2.1.5. |
| EFPD Product Quality and Safety | <ul style="list-style-type: none"> ■ IATF 16949 Certification ■ Existence of a designated Quality Control department at all levels of the organization ■ Measuring customer satisfaction ■ Whistle-blowing procedure and culture of documentation and conflict resolution ■ Specialized and independent auditors | ●●○ | ●●○ | 2.2.1.6. |
| Pandemic | <ul style="list-style-type: none"> ■ Updating our crisis management process ■ Deployment of the "Safer Together" program applicable to all sites and conducting regular audits ■ Implementation of cost reduction and cash protection measures | ●○○ | ●●● | 2.2.1.7. |
| Loss of a major industrial site | <ul style="list-style-type: none"> ■ Industrial risk prevention policy based on an internal standard involving 20 check points ■ Periodic audits conducted by the insurer and issuance of an RHP label ■ Incorporation of the topic into the early stages of projects (fire, climate-related risk, etc.) ■ Systematic analysis and sharing of incidents ■ Complete analysis of the existing industrial park ■ Specific audits of most vulnerable sites carried out by technical experts ■ Existence of a surveillance and real-time warning system for climate-related events | ●○○ | ●●● | 2.2.1.8. |
| Supply failure | <ul style="list-style-type: none"> ■ Recourse to many local suppliers in different countries ■ Systematic assessment of risks of any new order via a special committee ■ Awareness of geopolitical, social, ethical, economic and financial risks ■ Constant monitoring of operational and financial performance ■ Operational support of suppliers (logistics, quality, international development, etc.) | ●○○ | ●●○ | 2.2.1.9. |
| EFPD Safety in the workplace | <ul style="list-style-type: none"> ■ Existence of an HSE network at all levels of the organization ■ Systematic analysis of accidents ■ Mandatory training in HSE rules ■ Regular audit of all sites and systematic in the event of an alert ■ Ergonomic analysis of all workstations | ●○○ | ●●○ | 2.2.1.10. |
| EFPD Environmental impact of sites | <ul style="list-style-type: none"> ■ Analysis and control of local environmental risks based on ISO 14001 ■ Monthly Environment & Energy Committee chaired by the Group's HSE department ■ Network of HSE managers at all levels including at each Faurecia site ■ HSE requirements integrated into the Faurecia Excellence System ■ Regular internal and Faurecia Excellence System audit of sites | ●●○ | ●○○ | 2.2.1.11. |
| EFPD Talents attraction and retention | <ul style="list-style-type: none"> ■ Partnerships with more than 100 post-secondary institutions ■ Integration program directed specifically at new hires ■ Internal mobility policy (including abroad) ■ Regular review of compensation policy ■ Quantitative indicators through dedicated reporting | ●●○ | ●○○ | 2.2.1.12. |

2

Risk factors and management

Description of the main risks

| Risk | Primary risk control systems | Probability | Impact | Section |
|---|---|-------------|--------|----------|
| Financial and market risks | | | | 2.2.2. |
| Liquidity risk | <ul style="list-style-type: none"> ■ Coverage of part of Faurecia's liquidity requirements through receivables sale programs ■ Regular issuance of commercial paper ■ Diversified financial resources | ●●● | ●●○ | 2.2.2.1. |
| Interest rate risk | <ul style="list-style-type: none"> ■ Centralized management of interest-rate hedges ■ Decisions taken by a monthly committee on market risks ■ Existence of a hedge policy implemented to limit the impact of short-term variations in interest rates on the Group's earnings | ●●○ | ●●○ | 2.2.2.2. |
| Currency risk | <ul style="list-style-type: none"> ■ Centralized management of currency hedging | ●●○ | ●●○ | 2.2.2.3. |
| Risk related to raw materials | <ul style="list-style-type: none"> ■ Negotiations with customers and strict inventory management ■ Raw material price fluctuations mainly passed on to customers on a "pass-through basis" | ●●○ | ●●○ | 2.2.2.4. |
| Customer credit risk | <ul style="list-style-type: none"> ■ Completion of a risk analysis prior to the acquisition of new customers ■ Specific reporting on customer receivables | ●●○ | ●●○ | 2.2.2.5. |
| Legal, regulatory and reputational risks | | | | 2.2.3. |
| Regulatory developments | <ul style="list-style-type: none"> ■ Network of legal, tax and financial experts ■ Constant monitoring of laws and regulations in France and abroad | ●●● | ●●○ | 2.2.3.1. |
| Significant Litigation | <ul style="list-style-type: none"> ■ Regular monitoring through dedicated reporting ■ Adequate provisioning | ●●○ | ●●○ | 2.2.3.2. |
| EFPD Responsible purchasing policy | <ul style="list-style-type: none"> ■ "Buy Beyond" sustainable buying policy ■ Systematic CSR analysis of new programs suppliers ■ Required minimum level score ■ Quality Audit of suppliers covering all CSR aspects ■ Existence of a whistle-blowing system | ●●● | ●○● | 2.2.3.3. |
| Intellectual Property | <ul style="list-style-type: none"> ■ Internal network of experts and specialists ■ Global network of external advisors ■ Performing patent searches and searches on old technologies ■ Centralized Control of Technical and Legal Matters | ●●● | ●○● | 2.2.3.4. |
| EFPD Business ethics | <ul style="list-style-type: none"> ■ Global network of Compliance Officers ■ Employee training and awareness raising ■ Code of Ethics/internal procedures ■ Existence of a whistle-blowing system | ●○● | ●●● | 2.2.3.5. |

Note: The abbreviation **EFPD** indicates that this risk presents non-financial challenges, which are described in detail in Chapter 4 "Extra Financial Performance." Identification of the primary CSR risks & opportunities is based on CSR risk mapping produced by the Group to supplement Group risk mapping. A risk universe (and the associated descriptions) was thus defined during a process that included consultations with internal and external stakeholders. Identified risks were rated by stakeholders. The risks selected are those with high criticality during this rating phase and were approved by the Group's Risk Committee in September 2020.

2.2.1. Operational and industrial risks

2.2.1.1. Continuity and security of information systems

| IDENTIFICATION AND DESCRIPTION OF RISK | Probability ●●○ | Impact ●●● |
|---|--|----------------------|
| <p>In particular, given that the Group (and, more generally, the industry as a whole) has been implementing its digital transformation for several years now, computer systems are incredibly important for day-to-day operations.</p> <p>Faurecia is especially faced with risks that could compromise (i) the availability and proper functioning of computer equipment used in plant production, (ii) the confidentiality of know-how and personal data, as well as, more generally, (iii) the integrity and availability of information systems, particularly those contributing to business processes related to ordering, supply and invoicing or to marketed digital products and services.</p> | <p style="text-align: center;">POTENTIAL IMPACT ON THE GROUP</p> <p>There could be multiple potential impacts depending on the type of incident:</p> <ul style="list-style-type: none"> ■ a system failure that makes it impossible to perform business transactions (production, order intake, deliveries, accounting, etc.); ■ breach or loss of confidential, personal, or strategic data; ■ delivery of a flawed digital product or service. <p>Despite the numerous investments made in this field to both human and financial resources, any major interruption or loss of sensitive data could impact the Group's business and have significant operational, financial and reputational consequences.</p> | |
| <p>RISK MANAGEMENT</p> <p>Particular attention has been paid to the protection of data and IT systems for several years now. The strategic plan to prevent, detect and control Information Systems security risks continued in 2020, which primarily covered the following aspects:</p> <ul style="list-style-type: none"> ■ Implementing a structure, processes and technologies to ensure that marketed digital products and services are protected as set out by the ISO 21434 standard currently being published; ■ measuring the exposure level of the Group's Information Systems and correcting any identified flaws; ■ strengthening our protection systems for safe internet browsing; ■ strengthening protection for workstations and servers; ■ strengthening protection for our administrative system processes; ■ extending our anti-phishing awareness campaigns to all Group employees; ■ boosting detection and response teams for cybersecurity incidents; ■ implementing a systematic methodology for project risk analysis; ■ adapting our information leak prevention system to Microsoft Office 365. <p>Centralized management systems, such as SAP and Oracle HFM (Hyperion Financial Management), provide means to check integrity, traceability of data as well as separation of tasks for all entities and domains and are subject to regular audits.</p> <p>Finally, during the past fiscal year, new sites were certified according to the TISAX standard in force in the automotive industry, to certify the protection of our Information Systems.</p> | | |

2.2.1.2. **DPEF** Climate Transition

| | Probability ●●○ | Impact ●●● |
|--|--|---------------|
| IDENTIFICATION AND DESCRIPTION OF RISK | POTENTIAL IMPACT ON THE GROUP | |
| <p>The Group's footprint on greenhouse gases comes from its own, direct and indirect emissions (scopes 1 & 2), mostly from the value chain controlled upstream and downstream (scope 3), and especially purchasing . To accelerate the climate transition, the public authorities will constrain this total footprint with new taxes and regulations while customers will make more responsible consumerist choices.</p> | <p>Failure to take into account the climate transition risk could have a significant impact on the Group's value, reputation and business.</p> | |
| RISK MANAGEMENT | | |
| <p>On the basis of the most rigorous and conclusive scientific facts, the Group has established a roadmap, validated by the Science-Based Targets initiative (SBTi) and compatible with the reduction required to maintain global warming at 1.5°C. Faurecia's roadmap is in line with the Paris Agreement and is the most ambitious of the thresholds proposed by the SBTi.</p> <p>It will be rolled out in three stages:</p> <ol style="list-style-type: none"> 1. by 2025, the Group will be CO2 neutral for its internal emissions; 2. by 2030, the Group aims to be CO2 neutral for its controlled emissions; 3. by 2050, the Group aims to be CO2 neutral for all of its emissions. <p>To achieve these objectives, Faurecia is working with experts and investing in energy efficiency projects at its production sites. The first stage of the program will consist of (i) reducing the energy consumed through the adoption of innovative digital solutions targeting energy efficiency as well as heat recovery and (ii) the purchase or production of renewable energies or low-carbon fuels at the 266 Faurecia industrial sites around the world.</p> <p>In late 2019, a "carbon neutrality" project manager was appointed in the Group, reporting to an Executive Committee member in charge of strategy. Their role in 2020 was to define and implement the Group's strategy in order to achieve the objectives set.</p> <p>In May 2020, Faurecia announced that it has selected Schneider Electric as a preferred partner to support the Group in its commitment to reach CO₂ neutrality for scopes 1 and 2 by 2025. Schneider Electric, one of the leader in digital transformation of energy management and automation, will accompany Faurecia in this first stage of its carbon neutrality program which involves decarbonizing its operations.</p> <p>Additional details relating to this project are available in Chapter 4 "Extra Financial Performance".</p> | | |

2.2.1.3. Risk associated with the automotive supplier business

| IDENTIFICATION AND DESCRIPTION OF RISK | Probability ●●● | Impact ●●○ |
|--|---|---|
| <p>The Faurecia group's business, 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).</p> <p>Faurecia's risk is also tied to the commercial success of the models marketed by its customers for which the Group produces components and modules.</p> <p>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.</p> | <p>POTENTIAL IMPACT ON THE GROUP</p> | <p>There is a direct correlation between the Group's sales and operating income and the performance of the automotive sector in the main regions in which the Group and its customers are present, and also the commercial success of the models marketed by its customers for which the Group produces components and modules.</p> <p>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, thereby generating a significant impact on the operating income.</p> |
| <p>RISK MANAGEMENT</p> <p>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.</p> <p>In 2020, the Group has done business with more than 90 customers. In addition to historical Group customers (e.g. PSA, Renault-Nissan-Mitsubishi, Volkswagen) the Group is now also working with new entrants in the mobility business but also several local actors especially in China. The Group is now also working with new kind of customers such as municipalities or industrial companies and fleet managers especially as part of the Clean Mobility Business Group.</p> <p>In 2020, the Faurecia group's top five automaker customers accounted for 64% of value-added sales (VW: 20,9%; Ford: 13.1%; PSA 12%; Renault-Nissan-Mitsubishi: 11.7% and FCA 6.3%).</p> <p>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.</p> | | |

2.2.1.4. External Growth

| IDENTIFICATION AND DESCRIPTION OF RISK | POTENTIAL IMPACT ON THE GROUP |
|---|---|
| <p>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.</p> <p>So, for example, in 2019, Faurecia announced that it had finalized the acquisition of the Japanese company Clarion, a major stakeholder in connectivity and in-vehicle infotainment (IVI), full digital audio systems, HMI (Human Machine Interface) solutions, advanced driver assistance systems, and Cloud services. In 2020, Faurecia also (i) acquired the Canadian company IRYStec Inc. specializing in display technologies and (ii) completed the acquisition of SAS, a major player in the assembly and logistics of complex modules for vehicle interiors.</p> <p>There are several risks inherent to this type of process which could occur, in particular:</p> <ul style="list-style-type: none"> ■ risk of the anticipated synergies not being achieved; ■ risk of departure of key employees; ■ risk of overestimation of the target value; ■ existence of new specific risks within the target (tax, environmental, ethics, legal, etc.). | <p>The benefits expected from future or completed acquisitions may not be confirmed within the anticipated time frames and/or the levels expected and, consequently, may affect the Group's financial position (sales, operating income, and particularly the level of debt).</p> |
| <p>RISK MANAGEMENT</p> <p>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. Targets are being identified as part of a selection process led by the Strategy department with the help of external specialized consulting firms. A set of documents comprising a market analysis, competitors, Business Plan and risks is used as part of the decision-making process. Negotiations are led by the same department as well as valuation of the target. Acquisition decisions are taken by the Board of Directors.</p> <p>This team is also very closely involved in the life of the entities resulting from external growth transactions (joint ventures, acquisitions) and thus takes part in their decision-making bodies.</p> <p>A post-acquisition integration plan covering all aspects of the relevant entity (human resources, purchasing, sales, Research & Development, production, etc.) is systematically drawn up and monitored on a regular basis, including at the very highest levels of the organization.</p> <p>Moreover, Faurecia sets aside any provisions that may prove to be required under applicable accounting standards, in particular, concerning the impairment of assets.</p> | |

2.2.1.5. Program management

| IDENTIFICATION AND DESCRIPTION OF RISK | POTENTIAL IMPACT ON THE GROUP |
|---|--|
| <p>Probability ●●○</p> <p>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. Every contract entered into with a customer constitutes a "program" whose production phase, at the end of the development phase, may last from five to ten years.</p> <p>Over the course of its life cycle, a program may be exposed to hazards such as a shortage of qualified operators and workers, problems with component availability or quality, problems related to the quality of the assembly or transportation of finished products or difficulties linked to the rate of work imposed by the customer.</p> <p>The Group manages around 500 programs on a permanent basis.</p> <p>RISK MANAGEMENT</p> <p>The Program Management Core System lays out a strict succession of steps for the entire duration of a program, from bid processing to the end of product life.</p> <p>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.</p> <p>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. Each program is subject to a prospective financial analysis and is being monitored through Key Performance Indicators updated monthly. A Management Alert System on top of those indicators is being used to send alarms and perform corrective actions as soon as possible.</p> <p>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 Program Management Core System.</p> | <p>Impact ●●○</p> <p>Depending on the hazards encountered over the course of the life cycle of a program, there may be impacts on satisfaction among Group customers and this may have significant consequences for the reputation of the Group as well as its financial results (sales and/or operating income).</p> |

2.2.1.6. EFPD Product Quality and Safety

| IDENTIFICATION AND DESCRIPTION OF RISK | Probability ●●○ | Impact ●●○ |
|--|--|----------------------|
| RISK MANAGEMENT | POTENTIAL IMPACT ON THE GROUP | |
| <p>With over 500 active programs on a permanent basis, Faurecia provides a very large number of vehicle components with a potential impact on driver and passenger safety.</p> <p>The products manufactured by the Group could be impacted by quality issues concerning both the level of quality with regard to customer expectations and also the level of compliance with regard to the regulations in force.</p> | <p>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.</p> | |
| <p>The Faurecia group's Quality department is responsible for managing product quality and safety risks at all stages of the process, from the new order acquisition phase to manufacturing in the plants. 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.</p> <p>In 2018, Faurecia initiated its Total Customer Satisfaction program, which takes into account both Group performance and the perception our customers have of us. This program aims to obtain a global picture of customer satisfaction, both in terms of performance and perception, across the entire value chain: from order taking to production start.</p> <p>In addition to quality indicators, Group customers' comments are now collected immediately and transparently via a dedicated digital application. Customer feedback in the app is processed via our Customer Relationship Management tool and allows us to track the speed and quality of responses brought by Faurecia. In 2020, the Group launched a structured approach in order to improve the quality perception of our customers.</p> <p>The Faurecia Excellence System is defining how production and operations are being organized. It has been built to improve quality, cost, delivery and security on a continuous basis. Based on a common framework for all plants around the world it allows to guarantee the best possible operational performance. In 2018, the Group decided to improve this system and the roll out of this improved version has been ongoing throughout 2019 and 2020.</p> <p>For major problems, a management alert system is used. Faurecia's management is constantly developing its structured problem-solving culture (contact within 24 hours, identification of the main causes, etc.).</p> <p>The Group's industrial management has an auditing structure that is independent of the operational organizations of the Business Groups, to conducts 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 the Faurecia Excellence System. Each production site is rated either "Poor/Satisfactory/Excellent/Benchmark". If a site is rated "Poor," it is required to prepare a corrective action plan which is presented directly to Faurecia's CEO with a view to reaching a "Satisfactory" level within a maximum of three months.</p> | | |

2.2.1.7. Pandemic

| IDENTIFICATION AND DESCRIPTION OF RISK | POTENTIAL IMPACT ON THE GROUP |
|--|--|
| <p>On March 11, 2020, the World Health Organization declared that the epidemic due to the Coronavirus (Covid-19), which started in January 2020, had become a pandemic. The development of this pandemic on a global scale has generated, generates and can generate numerous significant health threats in the countries where the Group operates and leads or may lead to the gradual implementation of public measures, in particular the restriction of the movement of goods and people. This situation has disrupted, disrupts and could continue to disrupt, or even prevent, over a more or less long period, the operation of all or part of our production plants and our R&D centers located in impacted areas or due to a drop in demand for our customers, but also impact in the same way the production factories or the points of sale of all or part of our customers and suppliers located in impacted areas or due to a drop in demand in the sector. It is not to be excluded that this type of event will occur again in the future, whether due to a new wave of Covid-19 or another virus.</p> | <p>A pandemic could have multiple significant impacts concerning:</p> <ul style="list-style-type: none"> ■ the health and availability of Group employees in our factories and Research and Development centers; ■ the Group's and its partner's financial performance (sales, operating margin and cash in particular); ■ the operational activities of the Group or its partners (production, suppliers, Research & Development in particular). |
| <p>RISK MANAGEMENT</p> <p>The management of the Covid-19 crisis has led the Group to adopt various measures:</p> <ul style="list-style-type: none"> ■ The Group has first of all prepared itself so as to be able to ensure its production activities in a secure environment, including in the event that the Covid-19 virus or any other similar virus has not yet been completely eradicated. Thus, a specific "Safer Together" program has been developed in this direction and rolled out across all of the Group's sites. This program is subject to regular audits to ensure its implementation. At the end of 2020, more than 500 audits had already been carried out; ■ In 2020, the Group also strengthened its crisis management process in order in particular to improve the upstream phases of preparation but also the downstream phases of feedback and continuous improvement; ■ The Group continuously monitors the situation country by country in order to be able to take the necessary decisions in a reactive manner; ■ Finally, the Group has also implemented drastic cash management measures as well as strict control of costs and investments during the period of slowdown in activity. <p>Despite all of these measures, it remains difficult at this stage to estimate the level of production for the coming months as it depends on many parameters including government decisions, the rate of development of the Covid-19 pandemic or any other pandemic in the various regions but also the effective restart of production by the Group's customers and consumer demand. Therefore, the overall impact remains difficult to assess at this stage.</p> | |

2.2.1.8. Loss of a major industrial site

| IDENTIFICATION AND DESCRIPTION OF RISK | Probability ●○○ | Impact ●●● |
|---|---|----------------------|
| <p>The Faurecia group has 266 industrial sites located in 35 different countries. Some of Group plants are highly specialized in terms of manufacturing and it would therefore be difficult to set-up alternative solutions within a short period of time in the event of a major incident. In addition, some of Group plants are located in "high-risk" areas in terms of natural disasters (earthquakes, flooding, etc.).</p> <p>The main causes identified that could potentially lead to the loss of a major industrial site are:</p> <ul style="list-style-type: none"> ■ a fire or an explosion due to the presence of combustible materials (foam, plastics, etc.) and/or the handling of flammable chemicals (solvents, hydrogen); ■ a major natural disaster such as floods, earthquakes, cyclones or blizzards. | <p>POTENTIAL IMPACT ON THE GROUP</p> <p>The total or partial loss of a major industrial site could lead to the interruption of supplies to a customer with major consequences for the automotive industry supply chain. An event of this kind would also have consequences for the Group's sales and operating income.</p> | |
| <p>RISK MANAGEMENT</p> <p>Faurecia has drawn up an industrial risk prevention policy aimed at limiting potential losses from fire or natural disasters, in partnership with its insurer.</p> <p>The Faurecia group's industrial risk prevention policy is based on the following foundations:</p> <ul style="list-style-type: none"> ■ internal guidelines (the HPR grid – Highly Protected Risk) developed with the Group's insurer, based on 24 items which rank both the prevention management system (human resources) and the protection systems put in place (technical measures); ■ the upstream integration of fire safety and natural disasters into industrial projects, new plants, or any significant redevelopment of existing sites. For example, an analysis of the natural disaster exposure profile forms an integral part of the decision-making matrix when selecting a new site; ■ a schedule of periodic audits carried out by Group insurer, following the HPR grid. Around one hundred prevention audits are completed each year, together with some specific flood or earthquake risk audits for those sites having the greatest exposure; ■ key performance indicators which are monitored every six months by the Group Risk Committee. Sites are ranked according to fire prevention/protection performance and on the basis of their exposure to natural disasters. High-risk sites are monitored closely by Industrial Management within the relevant Business Group; ■ recording and systematic analysis of fires or outbreaks of fire or losses linked to a natural event. The results of this analysis are shared with the plants' HSE network; ■ the existence of a single database to manage all audit reports, action plans for improvements, the audit program as well as the status and key dates of projects; ■ a monitoring system (24/7) in relation to hydrometeorological phenomena anywhere within the industrial park. This support service enables warnings of coming events to be sent to the sites' management teams via e-mail or SMS alerts in real time. Depending on the alert level, a series of reactions is defined in action sheets so that appropriate measures are taken to prepare for the event, keep employees safe and ensure the site's resilience. | | |

2.2.1.9. Supply failure

| IDENTIFICATION AND DESCRIPTION OF RISK | POTENTIAL IMPACT ON THE GROUP |
|--|---|
| <p>The Faurecia group uses a large number of suppliers based in different countries for its raw materials and basic parts supplies.</p> <p>In 2020, the Group made total purchases (production and indirect, excluding monoliths) of 9.8 billion euros from around 19 000 suppliers.</p> <p>Given its business, the Group could be impacted in the event of supplier failures, for example, following a major loss in one of their production sites or production quality issues.</p> | <p style="text-align: center;">Probability ●○○</p> <p style="text-align: center;">Impact ●●○</p> <p>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.</p> <p>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.</p> |
| <p>RISK MANAGEMENT</p> <p>Faurecia's Group Purchasing department closely monitors the quality and reliability of suppliers' production operations as well as their credit status and sustainability in order to ensure that the Group's supply chain is secure:</p> <ul style="list-style-type: none"> ■ the operational and financial performance of Faurecia's suppliers is constantly monitored to ensure that any restructuring and security measures that may prove necessary to ensure the quality, quantity and cost of supplies are carried out successfully. ■ in the context of the Covid-19 pandemic, the risk management process has been enriched with additional elements of resilience such as, in particular, the implementation of a process for projecting the financial health of Group suppliers ("Stress Test ") to better anticipate risky situations; ■ risk is also managed holistically, taking into account geopolitical, environmental, social, ethical, economic, health and financial risks, and monitoring specific factors such as management of fire risk, or the level of business that the supplier handles. <p>This risk review is carried out as early as the supplier selection process and is subject to regular reassessment. It may lead to a refusal to include the supplier in the Group panel or to an end of the relationship with the supplier in the event of high risk.</p> <p>Faurecia's purchasing teams work with suppliers to define action plans to reduce the risks identified in each of them. They thus help suppliers to develop and reduce their industrial and financial risks, in particular through operational support to improve their quality, logistics and cost control efficiency. They also support suppliers in their international expansion.</p> | |

2 Risk factors and management

Description of the main risks

2.2.1.10. EFPD Safety in the workplace ⁽¹⁾

| IDENTIFICATION AND DESCRIPTION OF RISK | POTENTIAL IMPACT ON THE GROUP |
|--|--|
| <p>Faurecia employs around 81 000 operators and workers worldwide, i.e. approximately 71% of its total headcount.</p> <p>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.</p> <p>RISK MANAGEMENT</p> <p>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.</p> <p>The Group has a dedicated organization in charge of this topic at every level of the organization.</p> <p>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.</p> <p>Faurecia implemented mandatory health and safety rules over 12 years ago. These rules have made a considerable contribution to the improvement seen in workplace safety indicators. Since 2018, Faurecia has reduced these rules down to the seven safety fundamentals for all employees, in particular, operators and employees of external contractors.</p> <p>Most occupational illnesses reported by Group employees involve musculoskeletal disorders. To reduce this, Faurecia has taken steps for several years to consider the strain caused by workstations and to remedy the situation as much as possible. Ergonomic analysis of workstations is part of the Faurecia Excellence System tools 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.</p> | <p style="text-align: center;">Probability ●○○</p> <p style="text-align: center;">Impact ●●○</p> <p>The key potential impacts on the Group concern the harm caused to the individual(s) in question. Insufficient management of workplace conditions could also impact the Group's reputation as well as its finances in the event of financial penalties associated with this harm.</p> |

(1) Excluding pandemic risk detailed in Section 2.2.1.7.

2.2.1.11. **EFPD** Environmental impact of sites

| IDENTIFICATION AND DESCRIPTION OF RISK | POTENTIAL IMPACT ON THE GROUP |
|---|--|
| <p>In light of its industrial activities as well as the use of a large number of potentially pollutant products and materials in the context of the product production process, Faurecia may be exposed to environmental risks such as the risk of accidental pollution or any risk related to the tightening of environmental regulations. Faurecia could also be exposed to operational risks related to poor energy management (generating excessive CO₂ emissions) or poor management of raw materials or waste.</p> | <p>Any failure to comply with environmental regulations could cause considerable damage to the Group's reputation and generate a significant financial impact (including in the form of criminal law sanctions as well as in terms of lost opportunities). Accidental pollution could also force the Group to pay significant amounts for the decontamination of the sites impacted.</p> |
| <p>RISK MANAGEMENT</p> | |
| <p>In 2017, Faurecia formalized an environmental policy under which the Group commits to reducing the environmental impact of its facilities. Environmental risk analysis and control are based on ISO 14001. The Environment Committee, which holds monthly meetings and is chaired by the Group Operations department and includes business experts, implements and manages the Group's environmental policy.</p> | |
| <p>Each Business Group has appointed an HSE Officer, who is assisted by (i) a network of HSE managers at the division level (mainly regional) and (ii) HSE coordinators at each Faurecia site. These coordinators bring their expertise to the factory management team, are responsible for implementing procedures, and ensure compliance with regulations and Faurecia standards.</p> | |
| <p>The amount of investments reported by the sites for environmental protection, reducing pollutants, and the value of the provisions recorded for environmental contingencies, is indicated in Chapter 4 of this Universal Registration Document.</p> | |
| <p>Faurecia has moreover transferred a portion of the risk to the insurance market in order to hedge against damage that may result from environmental pollution.</p> | |

2.2.1.12. EFPD Talents attraction and retention

| IDENTIFICATION AND DESCRIPTION OF RISK | Probability ●●○ | Impact ●○○ |
|--|--------------------|---|
| <p>The Faurecia group's strategy focuses on two priorities: the "Cockpit of the Future" and "Sustainable Mobility." The development of products connected to these two strategic priorities requires the use of previously-unseen technologies in the automotive sector and therefore requires specialized resources with expertise in these new technologies.</p> <p>The Group could experience difficulties in attracting and retaining the necessary talents able to provide the skills required for the development or production of its innovative products and services.</p> | | <p>If positions remain unfilled for too long or if turnover rates are too high, or if diversity is not sufficient this could have an impact on the level of motivation and productivity of the teams. A risk of this type could also slow down the development and innovation of the Group's business and have a negative impact on the Group's reputation and results.</p> |
| RISK MANAGEMENT | | |
| <p>In 2020, 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 has established preferential partnerships with more than 100 schools, post-secondary institutions and universities in the many countries where the Group operates.</p> | | |
| <p>All new hires benefit from a personal induction program enabling them to find out more about the Company, its values, strategy and organization.</p> | | |
| <p>Within this framework, Faurecia also offers its employees many assignments in various contexts as well as the opportunity to take part in international projects. To prepare the managers of tomorrow, talent identification starts as early as possible. The applicants are offered diverse career paths to realize their full potential. These paths include inter-functions/inter-divisions mobility, project work and short-term assignments. The plan aims to help employees step out of their comfort zone and provide them with general management skills.</p> | | |
| <p>Faurecia offers a large catalog of trainings. In 2020 the Faurecia University trained more than 8,300 employees, and its digital training (Learning Lab) reached more than 720,000 of delivered training hours since it was initially set-up in 2016.</p> | | |
| <p>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.</p> | | |
| <p>The Group also attaches great importance to diversity and has several indicators that allow it to monitor the objectives set for its business groups, particularly in terms of gender diversity.</p> | | |
| <p>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).</p> | | |
| <p>Following audits performed in 2019 by the "Top Employer Institute", Faurecia was awarded "Top Employer Europe" label in 2020. This award comes in addition to the country-specific "Top Employer" label that has been also received by many key countries within the Group (including France, Germany, Spain, Czech Republic but also China, India, the United States and Mexico). This label rewards company for their excellence in HR practices, especially talent attraction and development.</p> | | |
| <p>Finally, in 2020, Faurecia was awarded the "Happy Trainees" label for Europe, France, the Czech Republic, Japan and Mexico. This label issued by "Choose My Company" values companies which successfully welcome, support and manage students.</p> | | |

2.2.2. Financial and market risks

2.2.2.1. Liquidity risk

| IDENTIFICATION AND DESCRIPTION OF RISK | Probability ●●● | Impact ●●○ |
|--|---|--|
| <p>To finance its investments and its other cash requirements, Faurecia is obliged to access finance sourced from both financial institutions and financial markets.</p> | <p>POTENTIAL IMPACT ON THE GROUP</p> | <p>The inability to access such resources could have an impact on the profitability of the Group and on its viability.</p> |
| <p>RISK MANAGEMENT</p> <p>The Group's liquidity is ensured mainly by its bond issues and its syndicated credit facility. In 2018, 2019 and 2020, Faurecia made several bond issues, for a total amount of €3,150 million, reaching maturity between June 2025 and June 2028. Faurecia also holds a €1.2 billion line of credit with its banks that is scheduled to reach maturity at the end of June 2024.</p> <p>As of December 31, 2020 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 2.79. Compliance with this ratio is a condition affecting the availability of this credit facility.</p> <p>The various components of Faurecia's long-term debt and the maturities of the Group's liquidities are described in Notes 26.2 and 26.3 to the consolidated financial statements. As is noted in Note 26.3 to the consolidated financial statements, as of December 31, 2020, Faurecia was compliant with the financial ratio required by the syndicated credit facility:</p> | | |

| Ratio | Limit | Carrying amount as of 31/12/2020 |
|----------------------|--------------|---|
| Net debt */EBITDA ** | < 2.79 | 1.86 |

* Consolidated net debt.

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

2.2.2.2. Interest rate risk

| IDENTIFICATION AND DESCRIPTION OF RISK | Probability ●●○ | Impact ●●○ |
|---|---------------------------|---|
| <p>As a significant part of the Group's debt (28.8%) is at a variable rate, the Group is exposed to significant risks related to changes in interest rates.</p> | | <p>POTENTIAL IMPACT ON THE GROUP</p> <p>Any significant variation in interest rates combined with a poor application of the hedging policy for these rates would lead to an increase in finance costs and could have a noticeable impact on the Group's financial results.</p> |
| RISK MANAGEMENT | | |
| <p>Faurecia adopts a centralized approach to managing the hedging of interest rate risks. Such management is implemented through the Group Financing and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.</p> <p>As a significant part of the borrowings (syndicated credit facility – if drawn, short-term loans, commercial paper where 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 to the consolidated financial statements.</p> <p>Before taking into account the impact of interest rate hedges, 28.8% of the Group's financial debt was on a variable rate as of the end of December 2020, compared with 35% as of year-end 2019. The variable-rate financial debt primarily consists of short-term debt.</p> <p>The main components of long-term fixed rate debt are:</p> <ul style="list-style-type: none"> ■ bonds maturing in June 2025, issued in March 2018 and July 2020 for a total amount of €1,000 million; ■ bonds maturing in June 2026, issued in March and October 2019 for a total amount of €750 million; ■ bonds maturing in June 2027, issued in November 2019 for a total amount of €700 million; ■ bonds maturing in June 2028, issued in July 2020 for a total amount of €700 million; ■ a part of the <i>Schuldscheindarlehen</i> issued in December 2018 as part of Clarion Co. Ltd. acquisition. | | |

2.2.2.3. Currency risk

| IDENTIFICATION AND DESCRIPTION OF RISK | Probability ●●○ | Impact ●●○ |
|---|--|----------------------|
| <p>Given its international presence in a large number of countries outside of the Euro zone, the Group is of course faced with risks related to exchange rate fluctuations. Risk arises when Group subsidiaries have sales or costs denominated in a currency other than their functional currency.</p> <p>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.</p> <p>RISK MANAGEMENT</p> <p>Note 30.2 to the consolidated financial statements gives the description of the underlying currency positions and the derivatives hedging them, as well as the sensitivity of the Group's net income and shareholders' equity to fluctuations against the euro of the various currencies to which it is exposed.</p> <p>Faurecia centrally covers the exchange rate risk of its subsidiaries linked to their commercial operations by means of forward or optional foreign exchange transactions and foreign currency financing. This centralized management is implemented by the Group's Finance and Treasury department, under the responsibility of the Executive Management. The management decisions are taken within a Market Risk Management Committee which meets monthly.</p> <p>Future transactions are hedged on the basis of forecast cash flows established during the preparation of budgets validated by Executive Management; these forecasts are regularly updated.</p> <p>Subsidiaries whose functional currency is not the euro are granted intra-group loans in their functional currencies. These loans are refinanced in euros and although they are eliminated in consolidation, they contribute to the exposure to risk exchange rate risk and this risk is hedged by means of currency swaps or financing in the currency in question.</p> | <p>POTENTIAL IMPACT ON THE GROUP</p> <p>Any overly significant fluctuation in exchange rates could have a positive or negative impact on the Group's financial results.</p> | |

2

Risk factors and management

Description of the main risks

2.2.2.4. Risk related to raw materials

| | Probability ●●○ | Impact ●●○ |
|---|--|---------------|
| IDENTIFICATION AND DESCRIPTION OF RISK | POTENTIAL IMPACT ON THE GROUP | |
| <p>The Group is exposed to raw material risk via its direct raw materials purchases or indirectly through components purchased from its suppliers.</p> <p>In 2020, direct plastics and steel purchases accounted for approximately 18% of the Group's total purchases.</p> <p>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. In addition, the Covid-19 crisis has put pressure on raw materials supplies with a potential impact on prices.</p> | <p>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.</p> | |
| RISK MANAGEMENT | | |
| <p>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.</p> <p>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.</p> <p>A 10% fluctuation in the price of raw materials, not including component purchases, would have a 0.41% impact on operating income (expressed as a percentage of total sales).</p> <p>In the context of the Covid-19 crisis, specific actions have been implemented, in particular in terms of diversification of the panel of raw material suppliers but also in terms of safety stock.</p> | | |

2.2.2.5. Customer credit risk

| | Probability ●●○ | Impact ●●○ |
|--|--|---------------|
| IDENTIFICATION AND DESCRIPTION OF RISK | POTENTIAL IMPACT ON THE GROUP | |
| <p>In view of the economic context in the automotive sector (emergence of new stakeholders, fall in volume, increasingly stringent environmental standards, etc.), Faurecia cannot rule out the possibility that one or more of its customers may not be able to honor certain agreements or suffer financial difficulties.</p> | <p>The failure to recover a trade receivable in the event of a payment default (for example, customer bankruptcy) could have a negative impact on the Group's financial results.</p> | |
| RISK MANAGEMENT | | |
| <p>Trade accounts receivable are monitored on a regular basis by the Group's Finance department. In late 2019, a range of measures for assessing customer credit risk was put in place, enabling in particular this risk to be assessed whenever a new customer is acquired.</p> <p>As of December 31, 2020, late payments represented €123.2 million, or 0.84% of consolidated sales for the fiscal year.</p> <p>Details of trade accounts receivable and other receivables are provided in Note 18 to the consolidated financial statements.</p> | | |

2.2.3. Legal, regulatory and reputational risks

2.2.3.1. Regulatory developments

| IDENTIFICATION AND DESCRIPTION OF RISK | Probability ●●● | Impact ●●○ |
|--|--------------------------------------|---|
| <p>Faurecia operates in over 35 countries and generates 47.6% of its sales in Europe, 24.8% in North America, 24.1% in Asia and 3.5% in South America and rest of the world.</p> <p>Due to the international nature of its business activities, Faurecia is exposed to economic, political, fiscal, legal and other types of risks:</p> <ul style="list-style-type: none"> ■ any potential amendments to laws or regulations, or to 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 payments; ■ difficulties in enforcing agreements, collecting payments due and protecting property through foreign legal systems, in particular, where intellectual property protection is less stringent. | POTENTIAL IMPACT ON THE GROUP | <p>Inadequate planning or preparations for regulatory decisions or changes made to legal requirements could have a significant negative impact (particularly regarding finances) on the Group's business. For example, the government authorities in a country in which Faurecia operates could update standards that apply to our products, which could have negative consequences for its operating income.</p> |
| <p>RISK MANAGEMENT</p> <p>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.). Regular reviews are carried out regarding changes which may have a significant impact on the Group's business and specific measures are taken to hedge the associated risks.</p> | | |

2.2.3.2. Significant Litigation

| IDENTIFICATION AND DESCRIPTION OF RISK | Probability ●●○ | Impact ●●○ |
|--|--------------------------------------|--|
| <p>Given its key role in the global automotive industry, the Group may be subjected to class action lawsuits or the target of litigation or claims filed by its customers, suppliers, end-users or government authorities.</p> | POTENTIAL IMPACT ON THE GROUP | <p>Major litigation could have a negative impact on the Group's financial position or cause harm to the Group's image.</p> |
| <p>RISK MANAGEMENT</p> <p>Adequate provisions have been set aside to cover litigation facing the Group, in accordance with the facts and information available at the balance sheet date. Note 24.2 to the appendix of the consolidated financial statements as of December 31, 2020 gives a description of ongoing significant claims and litigation and indicates the total amount of provisions for litigation.</p> <p>Litigation is tracked quarterly at the Group level and monthly at the Business Group level through reporting prepared by the Legal department. Preventative measures, in particular via the provision of training to core teams, are implemented on a continuous basis.</p> | | |

2.2.3.3. EFPD Responsible purchasing policy

| IDENTIFICATION AND DESCRIPTION OF RISK | Probability ●●● | Impact ●○○ |
|---|---|----------------------|
| <p>The Group pays particular attention to the risks related to fundamental rights (child labor, forced labor, non-respect for union freedom, environmental damages, etc.) relevant to its activities, all of its suppliers and subcontractors. Due to the large number of suppliers with which the Group works (more than 19,000 in 2020 in 63 countries), the Group is unable to completely exclude the existence of improper practices at these suppliers regarding compliance with environmental standards, business ethics, employment law, or human and fundamental rights.</p> <p>RISK MANAGEMENT</p> <p>The Group's Purchasing department has established a policy of sustainable buying, called "Buy Beyond," which reflects the Group's commitment to comply with the requirements of the Law No. 2017-399 of March 27, 2017, related to the duty of care. This policy consists, in particular, in systematically reviewing suppliers that are part of the Group production process prior to their selection. For existing suppliers, selection among the main suppliers is done. This analysis is conducted through our partner EcoVadis and addresses the following areas:</p> <ul style="list-style-type: none"> ■ Fair Business Practices: assessment of the organization's ability to implement tangible actions to ensure data protection, fight against corruption, fraud, anti-competitive practices, money laundering and to avoid conflicts of interest; ■ Labor Practices and Human rights: assessment of the organization's level of maturity in terms of the actions on employee health and safety, working conditions, social relations, forced labor and child labor, discrimination and respect for fundamental rights; ■ Environment and Sustainable Procurement: assessment of the formalized policy, verification mechanisms and certification obtained. <p>Since 2019, a score of at least 30 (out of 100) has been required. The required minimum score will be increased on a regular basis over the coming years. Moreover, supplier quality audits, which are a prerequisite to joining Faurecia's panel of suppliers, also include CSR requirements.</p> <p>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.</p> <p>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.</p> | <p>POTENTIAL IMPACT ON THE GROUP</p> <p>Questioning the Group's integrity on these issues could have significant consequences to its reputation, business activity and financial position.</p> | |

2.2.3.4. Intellectual Property

| IDENTIFICATION AND DESCRIPTION OF RISK | POTENTIAL IMPACT ON THE GROUP |
|---|---|
| <p>Probability ●●●</p> <p>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. In particular, 621 new patent applications and 580 territorial extensions were filed by the Group in 2020, i.e. 1,201 patent applications filed. There are more than 10 800 patents in the patent portfolio.</p> <p>Due to these significant volumes, the Group may be exposed to infringement of its intellectual property rights by third parties.</p> <p>Moreover, given its active innovation policy, the Group may also be exposed to the involuntary infringement of intellectual property rights held by third parties (unpublished or unidentified rights).</p> <p>RISK MANAGEMENT</p> <p>In order to support and accompany its innovation policy and reinforce the protection of its rights, the Group has a centralized organization that handles all technical and legal issues relating to intellectual property. Bi-monthly committee meetings organized for each Business Group allow strategic decisions to be made to protect transactions with all stakeholders. Twice a year, Intellectual Property Management Committees define the strategies for the Business Groups and their application, as well as the resources necessary.</p> <p>The Group files patents and designs for technologies, products, and processes in many countries. The Group also protects its name and certain product ranges via trademark law. For example, the Faurecia trademark is protected in all countries of interest to the Group and this protection is monitored.</p> <p>The Group has a large and solid portfolio of intellectual property rights. It is supported by in-house teams of experts and specialists and a global network of advisers, who conduct searches of existing patents and technology watches and monitor the competition, as well as analyses of third-party rights regarding ongoing projects.</p> <p>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.</p> | <p>Impact ●○○</p> <p>Such events are likely to negatively impact the Group's business and results, as well as its image and the quality of its products.</p> <p>In the event of any involuntary infringement by the Group, it may be required to modify its products or processes or negotiate rights of use with third parties generating significant financial consequences.</p> |

2.2.3.5. **EFPD** Business ethics

| IDENTIFICATION AND DESCRIPTION OF RISK | Probability ●○○ | Impact ●●● |
|---|--------------------------------------|--|
| <p data-bbox="145 461 842 680">The automotive supplier market in which the Faurecia group is active is marked by a restricted number of customers and a potentially significant volume of business with each one. In addition, Faurecia is a decentralized Group operating in over 35 countries, and each of these countries may have anti-corruption legislation which is potentially extra-territorial in scope. This is in particular the case with regard to the Sapin II Law in France, the Bribery Act in the United Kingdom and the Foreign Corrupt Practices Act in the United States.</p> <p data-bbox="145 698 842 775">These regulations, some of which are quite recent, and the specific nature of the sector, mean that the Group is exposed to sanctions in the event of any non-compliance.</p> <p data-bbox="145 792 842 891">In addition, given the specific nature of the automotive sector (presence of a reduced number of stakeholders in certain markets), the Group may also be exposed to antitrust risks (for example, cartel arrangements).</p> <p data-bbox="145 918 352 943">RISK MANAGEMENT</p> <p data-bbox="145 949 1430 1122">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. This Code of Ethics is given to each new employee, is available in a range of languages and may also be accessed on the Group's website and intranet. All Group employees are responsible for complying with the Code of Ethics and, if applicable, ensuring that it is circulated and complied with. The Group also has a Code of Conduct for the prevention of corruption. It contains internal rules that are widely distributed to employees. These rules cover in particular the following subjects: gift and hospitality policy; donations and sponsorship; conflict of interest management (via an electronic tool).</p> <p data-bbox="145 1140 1430 1238">Since 2015, the Group has a Compliance department under the responsibility of the Chief Compliance Officer and their deputy, and which relies upon regional compliance managers in North America, Mexico, Asia, and the EMEA region (Europe, Middle East and Africa). It also relies on a network of compliance leaders, who are contact people in each operational division of the Business Groups.</p> <p data-bbox="145 1256 1430 1332">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 2020.</p> <p data-bbox="145 1350 1430 1426">In 2018 and 2019, 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. A special anti-corruption training course was developed in 2020.</p> <p data-bbox="145 1444 1430 1520">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.</p> <p data-bbox="145 1538 1430 1610">The Group has a whistle-blowing system, which was reviewed as part of its compliance with the General Data Protection Regulation and the Sapin II Law, and which allows any employee or partner to flag a potential breach of rules defined in the Code of Ethics.</p> | POTENTIAL IMPACT ON THE GROUP | Questioning the Group's integrity on these issues could have significant consequences to its reputation, business activity and financial position. |

2.3. Insurance and risk coverage

Faurecia does not have a self-insurance mechanism. The policy for safeguarding assets is based on the implementation and ongoing adaptation of its industrial risk prevention policy and, as described below, its strategy of transferring its principal risks to the insurance market.

However, given the evolution of claims and the unfavorable development of the insurance market - in particular the increase in deductibles - Faurecia finds itself de facto its own insurer to a certain extent. The group therefore decided to set up a reinsurance captive in order to further structure its intervention. To this end, the Group has undertaken the acquisition of a captive in Luxembourg. The actual implementation is scheduled for the first half of 2021 after obtaining the agreement of the Luxembourg Insurance Agency (CAA).

2.3.1. Fire, property damage and business interruption insurance

Faurecia has taken out a fire, property damage and business interruption insurance policy with a co-insurance group of major insurers led by FM Global.

Buildings and equipment are insured as replacement values. The guarantees are organized around a Master policy which directly covers the risks located in the area of freedom to provide services and local policies for subsidiaries located outside this area.

The premium rates applicable to exposed capital (direct damage and annual gross margin) depend directly on the HPR (Highly Protected Risk) classification assigned to the site, after audit by the insurer.

The Group was recently affected by several major incidents:

- January 2017: major claim for a supplier failure related to a fire at the Recticel plant in the Czech Republic: the destruction of molds severely disrupted production for several customers. This claim was closed in November 2017 ;
- January 2018: the Doubs river overflowed, flooding the Clean Mobility plant in Beaulieu, France. The flood damaged numerous machines, destroyed inventory and led to a production stoppage of about 24 hours;
- May 2018: an explosion at the Meridian plant at Eaton Rapids in Michigan, which produces magnesium parts, disrupted several customers (General Motors, Chrysler, BMW, and Mercedes-Benz) for around one month;

- June 2019: destruction following a fire at the plant belonging to the FCM supplier MODULO in Poland;
- November 2019: a fire in a workshop used for the manufacturing of flooring and trim and door panels in the Abrera plant in Spain following an outbreak of a fire on a painting production line. This major incident is currently under investigation.

These claims and general developments in the insurance market have led to a significant tightening of the program's terms and conditions:

- a sharp increase in deductibles, particularly for major sites that are poorly protected or exposed to high natural risks;
- increase in the premium;
- increase in the deductible for failures, and reduction in the level of coverage provided for indirect failures (tier-2 and above suppliers, customer suppliers).

Further to the Recticel, Beaulieu and Abrera incidents, preventative action has been increased:

- monitoring by the Risk Committee of the fire protection action plans for major but poorly protected 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 for Europe was renewed with Allianz in 2020 under identical terms and conditions. A project regarding the consolidation of the various regional transport policies is currently ongoing.

2.3.2. Liability insurance

Since January 1, 2013, Faurecia's liability has been covered by a co-insurance 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 major claims were filed in the United States and in Europe between 2014 and 2019; most of them are still under investigation. A surge in claims for physical injuries following an accident has also been recorded in the United States. This

increase in claims affects the terms of the liability insurance plan.

The Group's civil liability insurance plan also includes specific policies such as civil liability insurance for environmental damage or damage coverage due to accidents or occupational illnesses of personnel.

In 2020, the high loss ratio as well as the hardening of market conditions led to a sharp increase in the deductibles applicable in the event of recall and in premiums since January 1, 2020.

3

Corporate governance

| | | | |
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The information below constitutes the chapter relating to the corporate governance report as provided for by the last paragraph of Article L. 225-37 of the French Code of commerce.

Some of the information forming an integral part of the Corporate Governance report, as required by Articles L. 22-10-8 and L. 22-10-10 of the French Code of commerce, is included in other chapters of this Universal Registration Document. The cross-references included in this section indicate the chapter of this Universal Registration Document in which the relevant information can be found.

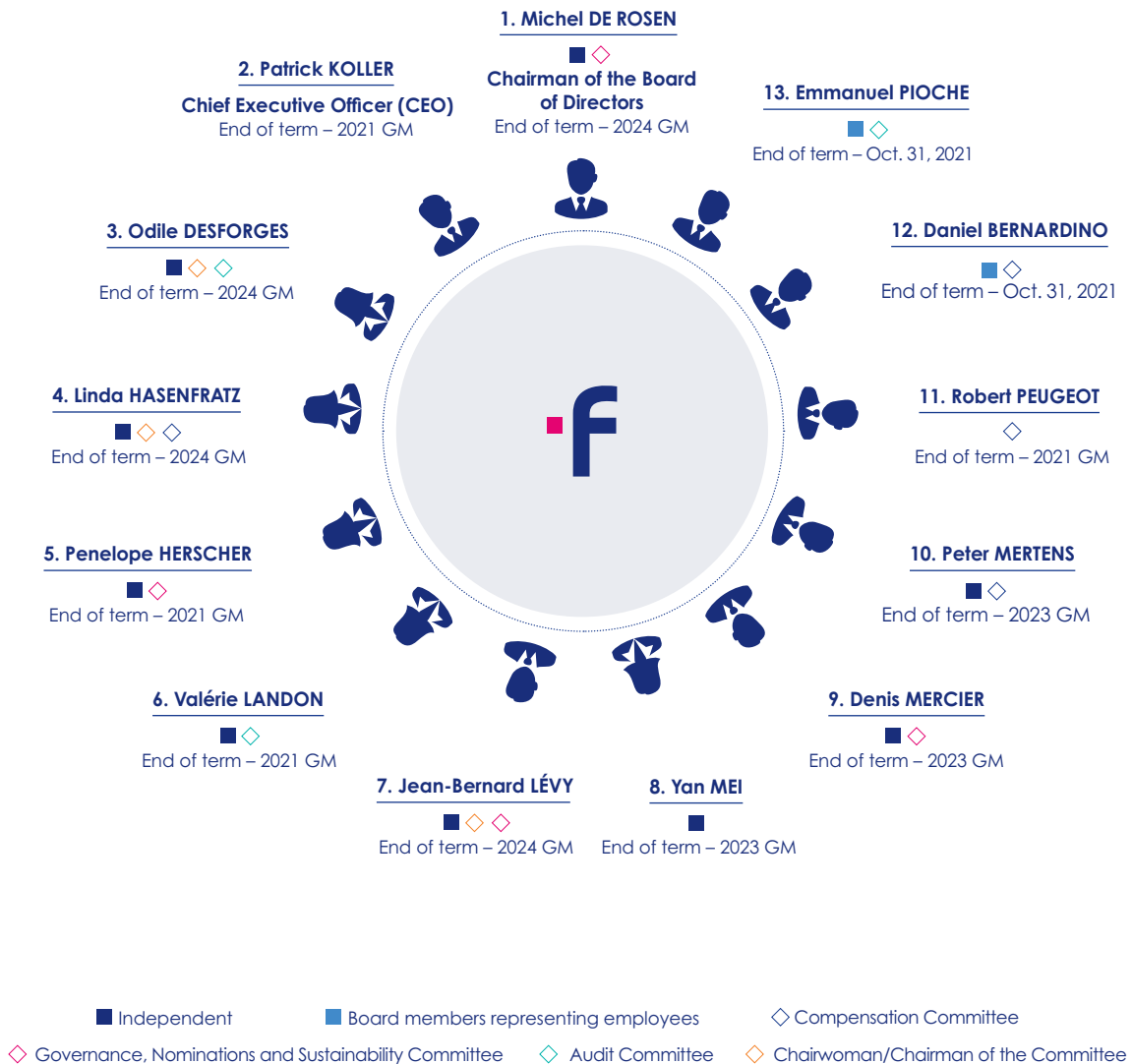
This chapter has been prepared on the basis of the work carried out by the Group's Legal department and Human Resources department.

The AFEP-MEDEF Corporate Governance Code for listed companies is the Code used as a reference by the Company. It can be consulted on the MEDEF website (www.medef.fr).

3.1. Board of Directors

3.1.1. Summary presentation of the Board of Directors and key figures

The diagram below sets out briefly the composition of the Board of Directors and of the (permanent) Committees, at the date of publication of the Universal Registration Document:



The table below sets out the key figures of the Board of Directors at the date of this Universal Registration Document (unless otherwise specified).

| | | |
|---|--|---|
| 13 Board members | 82% Independent Board members ⁽¹⁾⁽³⁾ | 46% Female Board members ⁽¹⁾⁽³⁾ |
| 2 Board members representing employees | 7 Nationalities | 4 years and 4 months Average term of office |
| 62 years and 2 months Average age | 10 MEETINGS OF THE BOARD OF DIRECTORS ⁽²⁾ +1 Meeting with independent members only | 98% Attendance rate at Board meetings ⁽²⁾⁽³⁾ |
| 17 Committee meetings (including two meetings of the Ad Hoc Committee) ⁽²⁾ | 99% Attendance rate at Committee meetings ⁽²⁾⁽³⁾ | |

(1) Excluding Board members representing employees

(2) Figures as of December 31, 2020

(3) Rounded up to the nearest higher whole number

3.1.2. Composition of the Board of Directors

3.1.2.1. General information on the composition of the Board of Directors

In accordance with the Company's bylaws, Faurecia's Board of Directors comprises at least three members and a maximum of fifteen members, excluding Board members representing employees, appointed in accordance with Article L. 225-27-1 of the French Code of commerce.

Board members are appointed for a term of four years by the General Meeting, on the basis of proposals made by the Board of Directors, acting on the basis of recommendations made by the Governance, Nominations and Sustainability Committee. They may be re-elected and can be dismissed at any time by the General Meeting. Neither the bylaws nor the internal rules of the Board of Directors contain rules for staggered terms of office. However, in practice, appointments are renewed on a staggered basis, which helps avoid reappointing Board members all at once.














In addition, the Company has two Board members representing employees appointed pursuant to Article L. 225-27-1 of the French Code of commerce, in accordance with the following terms and conditions of the bylaws: one Board member representing employees is appointed by the labor union that obtained the most votes in the first round of the elections referred to in Articles L. 2122-1 and L. 2122-4 of the French Labor Code, and a second Board member representing employees is appointed by the European Employee Representation Council. They are also appointed for a term of four years.

The Board of Directors has no advisors (*Censeurs*).

3 Corporate governance

Board of Directors

The table below sets out and completes the information mentioned in the above graph and in the key figures regarding the composition of the Board of Directors and the (permanent) Specialized Committees as of the date of publication of this Universal Registration Document:

| | Age | Gender | Nationality | Number of shares | Number of corporate offices in listed companies (excluding Faurecia) | Independence | Date of first appointment | End of term | Length of time on Board | Committees |
|--|----------|--------|---|------------------|--|------------------|--|------------------|-------------------------|--|
| 1. EXECUTIVE CORPORATE OFFICER | | | | | | | | | | |
| Michel de ROSEN Chairman of the Board of Directors | 70 years | M |  | 5,944 | 3 | Yes | GM of May 27, 2016 | GM in 2024 | 4 years and 10 months | Member of the Governance, Nominations and Sustainability Committee |
| Patrick KOLLER Chief Executive Officer and Board member | 62 years | M |  | 87,939 | 1 | Yes | GM of May 30, 2017 | GM in 2021 | 3 years and 10 months | - |
| 2. BOARD MEMBERS APPOINTED BY GENERAL MEETING | | | | | | | | | | |
| Odile DESFORGES | 71 years | F |  | 500 | 2 | Yes | GM of May 27, 2016 | GM in 2024 | 4 years and 10 months | Chairwoman of the Audit Committee |
| Linda HASENFRATZ | 54 years | F |  | 500 | 1 | Yes | GM of May 26, 2011 | GM in 2024 | 9 years and 10 months | Chairwoman of the Compensation Committee |
| Penelope HERSCHER | 60 years | F |  | 500 | 3 | Yes | GM of May 30, 2017 | GM in 2021 | 3 years and 10 months | Member of the Governance, Nominations and Sustainability Committee |
| Valérie LANDON | 58 years | F |  | 500 | 1 | Yes | BD Meeting of October 12, 2017 | GM in 2021 | 3 years and 6 months | Member of the Audit Committee |
| Jean-Bernard LÉVY | 65 years | M |  | 500 | 3 ⁽¹⁾ | Yes | BD Meeting of February 19, 2021 | GM in 2024 | 1 month | Chairman of the Governance, Nominations and Sustainability Committee |
| Yan MEI | 65 years | F |  | 500 | 0 | Yes | GM of May 28, 2019 | GM in 2023 | 1 years and 10 months | - |
| Denis MERCIER | 61 years | M |  | 500 | 0 | Yes | GM of May 28, 2019 | GM in 2023 | 1 years and 10 months | Member of the Governance, Nominations and Sustainability Committee |
| Peter MERTENS | 60 years | M |  | 1,000 | 0 | Yes | GM of May 28, 2019 (effective as from November 1, 2019) | GM in 2023 | 1 years and 5 months | Member of the Compensation Committee |
| Robert PEUGEOT | 70 years | M |  | 500 | 4 | No | GM of May 29, 2007 | GM in 2021 | 13 years and 10 months | Member of the Compensation Committee |
| 3. BOARD MEMBERS REPRESENTING EMPLOYEES | | | | | | | | | | |
| Daniel BERNARDINO | 50 years | M |  | - | 0 | - ⁽²⁾ | November 1, 2017 | October 31, 2021 | 3 years and 5 months | Member of the Compensation Committee |
| Emmanuel PIOCHE | 55 years | M |  | - | 0 | - ⁽²⁾ | November 1, 2017 | October 31, 2021 | 3 years and 5 months | Member of the Audit Committee |

(1) This figure includes a Board member position at Edison, a listed foreign subsidiary of the EDF Group, of which Jean-Bernard Lévy is Chairman of the Board and Chief Executive Officer.

(2) In accordance with the AFEP-MEDEF Code, Board members representing employees are not included in the calculation of the percentage of independent Board members.

3.1.2.2. Board members' expertise, positions and corporate offices as of the date of this Universal Registration Document


Information provided below is given as of December 31, 2020. They remain unchanged at the date of this Universal Registration document unless otherwise provided.

The business address of Board members is that of Faurecia.

Daniel BERNARDINO



Date of birth: August 9, 1970

Nationality: 

Number of Faurecia shares: -

Skills:



Board member representing employees

Date of first appointment: November 1, 2017

Date of expiry of term of office: October 31, 2021

Member of the Compensation Committee

Daniel Bernardino is a method agent in the Logistics department at Faurecia's Palmela site (Portugal).

He joined the Group in 1994 as Head of the logistics team. He held various employee representation offices between 1997 and 2017 and has been a member of Faurecia's European Works Council for 14 years.

He is a sociology graduate.

Main position held outside of Faurecia

-


Other positions and corporate offices in 2020 outside of Faurecia


-


Positions and corporate offices held within the last five years and which have expired

- Member of Faurecia's European Works Council (until 2017).

 Experience in Faurecia's core businesses

 Experience in an industrial company

 Automotive technologies


 Specific knowledge of a geographic market

 Leadership and crisis management

Odile DESFORGES



Date of birth: January 24, 1950

Nationality: 

Number of Faurecia shares: 500

Skills:



Independent Board member

Date of first appointment: May 27, 2016

Date of expiry of term of office: GM in 2024

Chairwoman of the Audit Committee

Odile Desforges 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, Odile Desforges was a member of Renault's Management Committee and served as Head of Worldwide Purchasing for Renault/Nissan. In 2009, she was named to Renault's Executive Committee and appointed as Group Director of Engineering and Quality. She exercised her rights to retire in July 2012.

Odile Desforges is an engineer and graduate of École Centrale de Paris and of the European Center for Executive Development (CEDEP).

She was made a Chevalier de l'Ordre National du Mérite and a Chevalier de la Légion d'Honneur by the French government.

Main position held outside of Faurecia

- Companies Board member.

Other positions and corporate offices in 2020 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.

French unlisted companies

-

Foreign listed companies

-


Foreign unlisted companies

-

Positions and corporate offices held within the last five years and which have expired

- Board member of Imerys (until the General Meeting of May 2020);
- Board member and member of the Audit Committee, the Nomination Committee and the Compensation Committee of Johnson Matthey Plc. (Great Britain), until July 2019;
- Board member and member of the Appointments and Compensation Committee of Sequana (France), from 2012 to May 2016.

 Experience in Faurecia's core businesses

 Experience in an industrial company

 International experience

 Automotive technologies

 Governance/management of large companies

 Banking/finance

 Leadership and crisis management

 Risk management

Linda HASENFRATZ



Date of birth: June 16, 1966

Nationality:

Number of Faurecia shares: 500

Skills:



Independent Board member

Date of first appointment: May 26, 2011

Date of expiry of term of office: GM in 2024

Chairwoman of the Compensation Committee

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.

Main position held outside of Faurecia

- Chief Executive Officer and Board member of Linamar Corporation (Canada) (*foreign listed company*).

Other positions and corporate offices in 2020 outside of Faurecia

French listed companies

-

French unlisted companies

-

Other foreign listed companies

-

Foreign unlisted companies

- Member of the Board of Governors, Royal Ontario Museum (Canada);
- Board member of Business Council of Canada (Canada);
- Member of the Catalyst Canadian Board of Advisors (Canada);
- Board member of the Association of Equipment Manufacturers (United States);
- Board member of Synaptive Medical (Canada).

Positions and corporate offices held within the last five years and which have expired

- Board member of the Canadian Imperial Bank of Commerce (CIBC) (Canada) (since April 2020);
- Chairwoman of the Business Council of Canada (Canada);
- Board member of Original Equipment Suppliers Association (United States).

| | | | |
|--|---|----------------------------------|-------------------------|
| Experience in Faurecia's core businesses | Experience in an industrial company | International experience | Automotive technologies |
| Governance/management of large companies | Specific knowledge of a geographic market | Leadership and crisis management | Risk management |

Penelope HERSCHER



Date of birth: July 15, 1960

Nationality:

Number of Faurecia shares: 500

Skills:



Independent Board member

Date of first appointment: May 30, 2017

Date of expiry of term of office: GM in 2021

Member of the Governance, Nominations and Sustainability Committee

Penelope Herscher is Chairwoman of the Board of Directors of Lumentum Operations LLC. (formerly JDSU) and its Governance Committee.

She has also been a Board member of (i) Verint and a member of its Governance Committee, (ii) Pros and a member of its Governance and Compensation Committees, (iii) Delphix, an unlisted company and (iv) Modern Health, 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, 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, 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 Chairwoman 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.

Penelope Herscher holds a Bachelor of Arts with honors and a Master of Arts in Mathematics from Cambridge University (England).

Main position held outside of Faurecia

- Companies Board member/Chairwoman.

Other positions and corporate offices in 2020 outside of Faurecia

French listed companies

-

French unlisted companies

-

Foreign listed companies

- Chairwoman of the Board of Lumentum Operations LLC (since 2019, previously Board member);
- Board member of Verint;
- Board member of Pros.

Foreign unlisted companies

- Board member of Delphix;
- Board member of Modern Health.

Positions and corporate offices held within the last five years and which have expired

- Board member of Rambus Inc. (from 2006 to April 2018);
- Chairwoman of the Board of Directors of FirstRain, Inc. (from October 2015 to July 31, 2017);
- Chairwoman of the Board of Directors of Savonix Inc. (from March 2016 to October 2017).

Experience in an industrial company

International experience

Governance/management of large companies

Specific knowledge of a geographic market

Data based technologies/digital

Leadership and crisis management

CSR

Risk management

Patrick KOLLER



Date of birth: January 2, 1959

Nationality:

Number of Faurecia shares:
87,939

Skills:



Board member

Date of first appointment: May 30, 2017

Date of expiry of term of office: GM in 2021

Patrick Koller has been Chief Executive Officer of Faurecia since July 1, 2016.

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 in charge of operations, a position he held until June 30, 2016.

He graduated from the École Supérieure des Sciences et Technologies de l'Ingénieur de Nancy (ESSTIN).

Main position held within Faurecia

- Chief Executive Officer (CEO).

Main position held outside of Faurecia

- Companies Board member.

Other positions and corporate offices in 2020 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

- Deputy Chief Executive Officer in charge of operations of Faurecia until June 30, 2016.

Experience in Faurecia's core businesses

Experience in an industrial company

International experience

Automotive technologies

Governance/management of large companies

Specific knowledge of a geographic market

Leadership and crisis management

CSR

Risk management

Energy/electrification

Valérie LANDON



Date of birth: August 17, 1962

Nationality:

Number of Faurecia shares: 500

Skills:



Independent board member

Date of first appointment: October 12, 2017

Date of expiry of term of office: GM in 2021

Member of the Audit Committee

Valérie Landon began her career with Air France in 1985. In 1990, she joined Credit Suisse as an investment banker. Before starting her current position, she served in particular as Head of Investment Banking & Capital Markets for France, Belgium and Luxembourg.

She is an engineering graduate from École Centrale de Paris.

Main position held outside of Faurecia

- Vice Chairman Investment Banking & Capital Markets at Credit Suisse (*foreign listed company*).

Other positions and corporate offices in 2020 outside of Faurecia

-

Positions and corporate offices held within the last five years and which have expired

- Independent Board member of Albioma, member of the Audit, Accounts and Risks Committee, member of the Commitments Committee, from 2016 to May 2019;
- Member of the European Advisory Board of Catalyst, from 2010 to 2016.

International experience

Specific knowledge of a geographic market

Banking/finance

Risk management

Jean-Bernard LÉVY



Date of birth: March 18, 1955

Nationality:

Number of Faurecia shares: 500

Skills:



Independent Board member

Date of first appointment: February 19, 2021

Date of expiry of term of office: GM in 2024

Chairman of the Governance, Nominations and Sustainability Committee

Jean-Bernard Lévy began his career France Télécom in 1979 as a works engineer at the Angers Division. In 1982, he became responsible for managing executive managers and HR budgets at head office, and then deputy to the head of the HR department.

In 1986, he was appointed Technical Advisor to the office of Gérard Longuet, Minister for Postal Services and Telecommunications. From 1988 to 1993, Jean-Bernard Lévy managed the Telecommunications Satellites activity of Matra Espace, now Matra Marconi Space. From 1993 to 1994, he was the Chief of Staff to Gérard Longuet, Minister of Industry, Postal Services, Telecommunications and Foreign Trade.

In 1995, he was appointed Chairman and Chief Executive Officer of Matra Communication. In 1998, he joined Oddo et Cie as Managing Director, then Managing Partner. In summer 2002, Jean-Bernard Lévy joined Vivendi. He served as its Chief Operating Officer until April 2005, and became Chairman of the Management Board and Chief Executive Officer in April 2005, until June 2012. From December 2012 to November 2014, he was Chairman and Chief Executive Officer of the Thales defense and aerospace group. Jean-Bernard Lévy has been EDF's Chairman and Chief Executive Officer of EDF since November 27, 2014.

Jean-Bernard Lévy is a graduate of the École Polytechnique and of Télécom Paris Tech.

Main position held outside of Faurecia

- Chairman and Chief Executive Officer of EDF* (listed company).

Other positions and corporate offices in 2020 outside of Faurecia

French listed companies

- Board member of Société Générale.

French unlisted companies

- Chairman of the Supervisory Board for Framatome*;
- Board member of Dalkia*;
- Board member of EDF Renouvelables*.

Foreign listed companies

- Board member of Edison S.p.A* (Italy).

Foreign unlisted companies

- Board member of EDF Energy Holdings* (United Kingdom).

Others

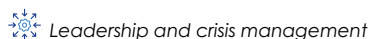
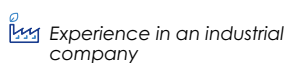
- Chairman of the Board of the EDF Foundation ;
- President of the Fondation Innovations pour les Apprentissages (FIPA);
- President of the French Energy Council (CFE) ;
- Board member of France Industrie ;
- Board member of the Global Sustainable Electricity Partnership (GESP) (Canada) ;
- Board member of Europlace ;
- Board member of AX ;
- Board member of the Fondation JJ Laffont - Toulouse School of Economics (TSE) **.

Positions and corporate offices held within the last five years and which have expired

- Chairman of the Board of EDF Energy Holdings* (United Kingdom), from 2015 to 2017;
- Chairman of the Board of Edison S.p.A* (Italie), from 2014 to June 2019.

* EDF Group

** Advisor (censeur) as of January 1, 2021



Yan MEI



Date of birth: July 12, 1955

Nationality:



Number of Faurecia shares: 500

Skills:



Yan Mei is Senior Partner, Chair of China of Brunswick group (China) where she oversees Brunswick's China Business Groups and acts as a counselor to senior executives.

She started her career as a journalist for ITN Channel 4 News from 1988 to 1990.

From 1991 to 2001, she worked as International Assignment Editor and later as the Head of China Desk at CNN (USA).

From 2001 to 2005, she joined Turner International Asia Pacific as Vice President. From 2005 to 2009, she held the position of Chief Strategy Officer and Chief Representative at News Corp (Beijing).

Before joining Brunswick group in 2013, she was Managing Director of MTV Networks Greater China and Chief Representative of Viacom Asia (Beijing).

She holds a Master of Arts and Master Philosophy degree in International Relations and Political Science respectively from Columbia University in New-York, and a Master in Advanced Russian Area Studies from Hunter College at the City University of New York. She also holds a Bachelor of Arts degree in Russian Language and Literature from Beijing Normal University.

Independent Board member

Date of first appointment:

May 28, 2019

Date of expiry of term of office:

GM in 2023

Main position held outside of Faurecia

- Senior Partner, Chair of China of Brunswick Group (China).

Other positions and corporate offices in 2020 outside of Faurecia

French listed companies

-

French unlisted companies

-

Other foreign listed companies

- Senior Advisor at KKR & Co. Inc. (since March 2019).

Foreign unlisted companies

-

Others

- Vice Chair of the Board of the Golden Bridges Foundation.

Positions and corporate offices held within the last five years and which have expired

-



International experience



Governance/management of large companies



Specific knowledge of a geographic market



Leadership and crisis management



Risk management

Denis MERCIER



Date of birth: October 4, 1959

Nationality:

Number of Faurecia shares: 500

Skills:



Independent Board member

Date of first appointment: May 28, 2019

Date of expiry of term of office: GM in 2023

Member of the Governance, Nominations and Sustainability Committee

Denis Mercier held various positions within the French Air Force.

After having been Commandant of the French Flying School at Salon de Provence (France) from 2008 to 2010, he became principal private secretary of the French Minister of Defense from 2010 to 2012.

Between 2012 and 2015, he held the position of Chief of Staff of the French Air Force and was promoted to the rank of General of the Air Force.

From 2015 to September 2018, he held the position of Supreme Allied Commander of the NATO's Transformation and joined Fives group in October 2018 as Deputy Chief Executive Officer.

Denis Mercier is an engineering graduate from the French Flying School (1979), Grand Officier of the Légion d'Honneur and Officier de l'Ordre National du Mérite.

Main position held outside of Faurecia

- Deputy Chief Executive Officer of Fives group (French listed company *), member of its Executive Committee.

Other positions and corporate offices in 2020 outside of Faurecia

French listed companies

-

French unlisted companies

-

Foreign listed companies

-

Foreign unlisted companies

- Chairman of the Board of Fives Vostok;
- Board member of Fives Engineering Shanghai Co., Ltd;
- Board member of Fives Automation & Processing Equipment Co., Ltd;
- Board member of AddUp (Fives-Michelin joint venture);
- Board member of CryptoNext Security.

Others

- Chairman of the Board of École de l'Air (EPSCP).

Positions and corporate offices held within the last five years and which have expired

- Supreme Allied Commander of the NATO's Transformation (Norfolk naval base – USA), from 2015 to September 2018.

* Company in which only the bonds are listed.



Experience in an industrial company



International experience



Data based technologies/digital



Leadership and crisis management



CSR



Risk management

Peter MERTENS



Date of birth: March 30, 1961

Nationality:

Number of Faurecia shares: 1,000

Skills:



Independent Board member

Date of first appointment: GM in 2019 (effective November 1, 2019)

Date of expiry of term of office: GM in 2023

Member of the Compensation Committee

Dr. Peter Mertens was an executive at Audi AG until October 31, 2019, after having served as Chief Technical Officer from May 2017 to October 2018.

From 1985 to 1990, he oversaw the Department of Technology Transfer of the Kaiserslautern University (Germany).

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 Tegaron Telematics GmbH, a joint venture between Daimler Chrysler Services AG and Deutsche Telekom AG, in 1996.

In 2002, he joined Adam Opel AG as Executive Director for midsize and large product lines. In 2004, he became responsible for the compact product lines of General Motors Europe and, starting in 2005, for all compact product lines of General Motors worldwide.

In 2010, he joined the Management Board of Jaguar Land Rover and managed the Corporate Quality for the entire Tata Motors group, including the Jaguar Land Rover Brand.

From March 2011 to May 2017, he assumed responsibility for research and development as Senior Vice President, Research and Development for the Volvo Car Group (Gothenburg, Sweden).

He studied Production Engineering at the Ostwestfalen-Lippe University of Applied Sciences, and in 1985 received a Master of Science in Industrial Engineering and Operations Research from the Virginia Polytechnic Institute in the United States. He also holds a Doctorate in Engineering (Dr. Ing.) from the University of Kaiserslautern (Germany).

Main position held outside of Faurecia

- Companies Board member.

Other positions and corporate offices in 2020 outside of Faurecia

French listed companies

-

French unlisted companies

-

Foreign listed companies

-

Foreign unlisted companies

- Chairman of the Board of Valens Hod Hasharon (Israel) since March 24, 2020;
- Board member of Recogni (United States) since November 6, 2019.

Positions and corporate offices held within the last five years and which have expired

- Executive, Audi AG (Germany), from October 31, 2018 until October 31, 2019;
- Chief Technical Officer, Audi AG (Germany), from May 2017 to October 2018;
- Senior Vice President, Research and Development for the Volvo Car Group (Gothenburg, Sweden) from March 2011 to 2017;
- Member of the Supervisory Board of Volkswagen Financial Services, from October 2017 to October 2018.

| | | | |
|--|---|---------------------------------|-------------------------|
| Experience in Faurecia's core businesses | Experience in an industrial company | International experience | Automotive technologies |
| Governance/management of large companies | Specific knowledge of a geographic market | Data based technologies/digital | |
| Leadership and crisis management | Risk management | Energy/electrification | |

Robert PEUGEOT



Date of birth: April 25, 1950

Nationality:

Number of Faurecia shares: 500

Skills:



Board member

Date of first appointment: May 29, 2007

Date of expiry of term of office: GM in 2021

Member of the Compensation Committee

Robert Peugeot has held various senior positions within the PSA Group and was a member of its Executive Committee between 1998 and 2007, in charge of Innovation and Quality. He was a permanent representative of FFP on the Supervisory Board of Peugeot S.A., a member of the Finance and Audit Committee, and he chaired the Strategy Committee, until the merger with FCA on January 16, 2021. Since that date, he has been Vice-President and Board Member of Stellantis.

Since February 2002, he has been Chairman and CEO of FFP and has overseen its development. On May 19, 2020, he stepped down as Chief Executive Officer and became Chairman of the Board of FFP.

Robert Peugeot is a graduate of the École Centrale de Paris and of INSEAD. He was made Chevalier de l'Ordre National du Mérite (2000) and a Chevalier de la Légion d'Honneur (2010) by the French Government.

Main position held outside of Faurecia

- Chairman of the Board of Directors of FFP S.A. (French listed company).

Other positions and corporate offices in 2020 outside of Faurecia

Other French listed companies

- Permanent representative of FFP S.A. on the Peugeot S.A. Supervisory Board*;
- Permanent representative of F&P SAS on the Board of Directors of Safran S.A.

French unlisted companies

- Board member of Établissements Peugeot Frères S.A.;
- Board member of Tikehau Capital Advisors SAS;
- General Manager of SC Rodom;
- General Manager of Sarl CHP Gestion;
- Member of the Soparexo S.C.A. Supervisory Board;
- Chairman of F&P SAS;
- Permanent representative of FFP S.A. on the Board of Directors of Maillot I ;
- Permanent representative of Maillot II on the Board of Directors of SICAV ARMENE 2.

Foreign listed companies

- Board member of Sofina S.A. (Belgium).

Foreign unlisted companies

- Board member of FFP Investment UK Ltd (United Kingdom);
- Member of the Signa Prime Supervisory Board (Austria).

Positions and corporate offices held within the last five years and which have expired

- Permanent representative of FFP S.A. (French listed company), Director of FFP Invest S.A.S. ;
- Permanent representative of FFP Invest S.A.S., Director and Member of the Supervisory Board of Financière Guiraud S.A.S.;
- Member of the ACE Management S.A. Supervisory Board ;
- Permanent representative of Maillot I, Board member of SICAV Armene 2 ;
- Chief Executive Officer of FFP S.A. ;
- Board member of DKSH S.A. (Switzerland) ;
- Member of the Hermès International S.C.A. Supervisory Board ;
- Permanent representative of Maillot I on the Board of Directors of SICAV Armene ;
- Permanent representative of FFP Invest SAS on the Board of Directors of Sanef S.A. (France) ;
- Board member of Imerys (France) ;
- Board member of Holding Reinier SAS.

* This term ended on January 16, 2021 after the completion of the merger between PSA and FCA. Since then, he has held the positions of Vice Chair of the Board and Board member of Stellantis (Dutch company listed in France, Italy, Netherlands and USA).

Experience in Faurecia's core businesses
 Experience in an industrial company
 International experience
 Automotive technologies
 Governance/management of large companies
 Banking/finance
 Leadership and crisis management
 Risk management
 Energy/electrification

Emmanuel PIOCHE



Date of birth: December 4, 1965

Nationality: 

Number of Faurecia shares: -

Skills:



Board member representing employees

Date of first appointment: November 1, 2017

Date of expiry of term of office: October 31, 2021

Member of the Audit Committee

Emmanuel Pioche has been Head of R&D Frames at Faurecia (Brières-les-Scellés site, France) since July 2017. Previously, he was a prototype maker in the R&D trimlab at the same site.

He holds the professional title of thin-sheet metal worker, holds an Aerospace TIG Heavy and Light Metal Welding License, obtained a G2 Baccalaureate (management), and a level III programmer analyst's diploma.

Main position held outside of Faurecia



-


Other positions and corporate offices in 2020 outside of Faurecia


-

Positions and corporate offices held within Faurecia group in the last five years and which have expired

- Secretary of the Central Works Council of Faurecia Sièges d'Automobile, from 2007 to 2017;
- Secretary of the Works Committee at Brières-les-Scellés from 2002 to 2017;
- Member of the Workplace Health and Safety Committee – CHSCT, from 2000 to 2017;
- CFDT union representative and employee representative, from 1999 to 2017.

 Experience in Faurecia's core businesses
 Leadership and crisis management

 Experience in an industrial company

 Automotive technologies

Michel de ROSEN



Date of birth: February 18, 1951

Nationality:

Number of Faurecia shares: 5,944

Skills:



Independent Board member

Date of first appointment: May 27, 2016

Date of expiry of term of office: GM in 2024

Chairman of the Board of Directors

Date of first appointment: May 30, 2017

Member of the Governance, Nominations and Sustainability Committee

Michel de Rosen has been Chairman of the Board of Directors of Faurecia since May 30, 2017.

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 a policy officer in the office of the French Minister of Defense in 1980 and 1981 and served as Chief of Staff for the French Minister for Industry and Telecommunications from 1986 to 1988.

Within the Rhône-Poulenc group, he served in particular as Chief Executive Officer of Pharmuka from 1983 to 1986 and of Rhône Poulenc Fibres et Polymères from 1988 to 1993, after which he was Chief Executive Officer and then Chairman and Chief Executive Officer of Rhône-Poulenc Rorer in the United States and in France and of Rhône-Poulenc Santé from 1993 to 1999. In 2000, Michel de Rosen was named Chairman and Chief Executive Officer of the US company ViroPharma. In 2008, he became Chairman and Chief Executive Officer of SGD.

He joined Eutelsat in 2009. Michel de Rosen was 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, Michel de Rosen was the Chairman of the Board of Directors.

He is a graduate of the École des Hautes Études Commerciales (HEC) and the École Nationale d'Administration (ENA).

Main position held outside of Faurecia

- Companies Board member/Chairman.

Other positions and corporate offices in 2020 outside of Faurecia

French listed companies

- Non-Executive Chairman of the Board of Directors of Pharmext S.A.;
- Non-Executive Chairman of the Board of Directors of DBV Technologies.

French unlisted companies

-

Foreign listed companies

- Board member of Idorsia (Switzerland).

Foreign unlisted companies

-

Positions and corporate offices held within the last five years and which have expired

- Member of the High Committee of Corporate Governance of AFEP-MEDEF until November 2019;
- Chairman and Chief Executive Officer of Eutelsat Communications S.A. until February 29, 2016 and Chairman of the Board of Directors until November 8, 2017;
- Board member of ABB Ltd (Switzerland) until April 13, 2017.

Experience in an industrial company

International experience

Governance/management of large companies

Specific knowledge of a geographic market

Banking/finance

Leadership and crisis management

Risk management

3.1.2.3. Changes in the composition of the Board of Directors and Specialized Committees

During the past fiscal year and up to the date of publication of this Universal Registration Document, the following changes have occurred in the composition of the Board of Directors and (permanent) Specialized Committees:

| | Departure | Appointment | Reappointment |
|---|---|--|--|
| Board of Directors | Olivia LARMARAUD (January 12, 2021) ⁽¹⁾ | Jean-Bernard LÉVY (BoD of February 19, 2021) ⁽²⁾ | Odile DESFORGES ⁽³⁾ (GM of June 26, 2020) |
| | Grégoire OLIVIER (January 12, 2021) ⁽¹⁾ | | Linda HASENFRATZ ⁽³⁾ (GM of June 26, 2020) |
| | Philippe de ROVIRA (January 12, 2021) ⁽¹⁾ | | Olivia LARMARAUD ⁽³⁾ (GM of June 26, 2020) |
| | | | Michel de ROSEN ^{(3) (4)} (Chairman) (GM of June 26, 2020) |
| Compensation Committee | | - | Linda HASENFRATZ ^{(3) (5)} (Chairwoman) (BoD of April 17, 2020) |
| Governance, Nominations and Sustainability Committee (previously referred to as Governance and Nominations Committee) | Philippe de ROVIRA (January 12, 2021) ⁽¹⁾ | Jean-Bernard LÉVY (Chairman) (BoD of February 19, 2021) ⁽²⁾ | Michel de ROSEN ^{(3) (5)} (Chairman) (BoD of April 17, 2020) |
| | Michel de ROSEN (Chairman) ⁽⁶⁾ (BoD of February 19, 2021)] | | |
| Audit Committee | Olivia LARMARAUD (January 12, 2021) ⁽¹⁾ | | Odile DESFORGES ^{(3) (5)} (Chairwoman) (BoD of April 17, 2020) |
| | | | Olivia LARMARAUD ^{(3) (5)} (BoD of May 14, 2020) |

(1) See detailed explanations below under "Impact of the PSA/FCA merger on Corporate Governance".

(2) The choice of co-optation of Jean Bernard LÉVY as Board member is detailed under Section 3.1.2.5 "Diversity policy within the Board of Directors" in the paragraph dealing with the changes in the composition of the Board of Directors.

(3) Reappointing Odile DESFORGES, Linda HASENFRATZ, Olivia LARMARAUD and Michel de ROSEN at the General Meeting of June 26, 2020 has notably strengthened the skills and expertise of the Board of Directors in the following areas: experience in Faurecia's core businesses, automotive technologies, industry, international experience, governance/management of large companies, specific knowledge of a geographic market and banking/finance, risk management and leadership/crisis management.

(4) The reappointment of Michel de ROSEN as Chairman of the Board of Directors, decided by the Board of Directors on April 17, 2020 subject to his reappointment as a Board member and the extension of the age limit for the exercise of the duties of Chairman of the Board of Directors by the General Meeting of June 26, 2020, became effective at the end of this Meeting.

(5) The reappointment was subject to their reappointment as Board members by the General Meeting of June 26, 2020.

(6) Jean-Bernard LÉVY has been Chairman of the Governance, Nominations and Sustainability Committee since February 19, 2021. Michel de ROSEN remains a member of the Governance, Nominations and Sustainability Committee.

Impact of the PSA/FCA merger on Corporate Governance

The merger agreement signed between PSA and FCA on December 17, 2019 provided in particular that before proceeding with the merger between these two companies, PSA would distribute its 46% stake to its shareholders. On September 14, 2020, PSA and FCA announced an amendment to the original agreement to strengthen Stellantis' financial structure. This amendment modifies, in particular, the timetable for the completion of the distribution by providing that it would be made (i) by Stellantis (company created by the merger between PSA and FCA) after the merger and following approval by the Stellantis' Board of Directors and shareholders (ii) for the benefit of all Stellantis shareholders.

In light of timing changes for the completion of the distribution schedule, specific measures have been taken to ensure that Stellantis does not acquire control of the Company following the completion of the PSA/FCA merger, which was not the intention of the parties. These measures comprise two types of undertakings : undertakings applicable (i) before the completion of the merger between PSA and FCA and (ii) between the completion of the above-mentioned merger, effective on January 16, 2021 and the completion of the distribution of the Company's shares by Stellantis.

The undertakings applicable before the completion of the merger between PSA and FCA are the followings:

- Sale by PSA, before the completion of the merger, of approximately 7% of the share capital of the Company (9 663 000 shares). This sale was achieved on October 29, 2020 (with Stellantis holding remaining capital stock (post-merger) of less than 40% of the share capital);

- PSA undertook to ask the three Faurecia Board members appointed on its proposal to resign (Grégoire Olivier, Olivia Larmaraud and Philippe de Rovira): their resignations took place on January 12, 2021, effective immediately;
- PSA undertook, prior to completion of the merger, to convert all its stake in Faurecia into bearer shares, resulting in the loss of its double voting-rights: the conversion was effective on January 12, 2021 (followed by a remittance in the registered form on the same day). This conversion also automatically resulted in a reduction of the total amount of double-voting rights existing within the Company. After this operation, the total amount of the Company's double-voting rights became lower than 2% of total voting rights. This proportion remains unchanged at the date of this Universal Registration Document and should, considering the new shareholding, remain constant at a medium term.

The undertakings applicable since the completion of the merger between PSA and FCA and the completion of the distribution are the followings :

- not to call for a Faurecia General Meeting;
- not to propose the appointment of members of the Board of Directors of Faurecia;
- in the event of a Faurecia General Meeting, to exercise the voting rights attached to its shares:
 - in a neutral manner with regard to the voting rights attached to shares representing up to 30% of Faurecia's voting rights, i.e. 50% in favor and 50% against in the case of ordinary resolutions and 2/3 in favor and 1/3 against in the case of extraordinary resolutions;
 - by abstaining from using voting rights attached to shares exceeding the threshold of 30% of Faurecia's voting rights.

It should be highlighted that if no distribution takes place, the Stellantis undertakings will terminate on the date on which (i) a Stellantis General Meeting has been called to vote on the distribution of Faurecia shares and has not approved such distribution and (ii) Stellantis' stake in Faurecia is strictly less than 30% of Faurecia's share capital and voting rights. These undertakings are set out in the decision of the *Autorité des Marchés Financiers* (AMF) on the exemption from the obligation to file a public tender offer for Faurecia's shares dated November 25, 2020 (decision No. 220C5146).

After the completion of this distribution, there will no longer be a "linked parties relationships" between the Stellantis group and the Faurecia group, the relationship between both groups turning into a simple client/supplier relationship ⁽¹⁾.

3.1.2.4. Governance structure and shareholder dialog

SEPARATION OF THE POSITIONS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

In the context of a major change in its governance, since July 1, 2016, the positions of Chairman of the Board of Directors and Chief Executive Officer have been separated within the Company. The situation has remained unchanged since this date.

Chairman of the Board of Directors

Michel de Rosen has been Chairman of the Board of Directors since May 30, 2017. His corporate office as Chairman of the Board of Directors, which expired after the General Meeting of June 26, 2020, was renewed for a period of four years. This renewal took effect at the end of the General Meeting, the conditions set by the Board of Directors on April 17, 2020 having been met (approval by the General Meeting of June 26, 2020 of the renewal of his corporate office as Board member, and approval of the extension of the statutory age limit for the exercise of the duties of Chairman of the Board of Directors from 70 to 75 years).

Chief Executive Officer (CEO)

Patrick Koller has been Chief Executive Officer of Faurecia since July 1, 2016. He was appointed for an unlimited term. He has also been a member of the Company's Board since May 30, 2017. As Patrick Koller's corporate office as a Board member of the Company expires at the end of the General Meeting of May 31, 2021, the Board of Directors, acting on a proposal from the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee), has decided to propose to this General Meeting the renewal of his term of office as director in order for him to continue his contribution to the work of the Board of Directors.

ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The role of Chairman of the Board of Directors is defined in the internal rules of the Board of Directors, which are available on the governance page of the Company's website (www.faurecia.com).

According to the internal rules, the Chairman of the Board of Directors organizes and directs the work of the Board of Directors and ensures the effective operation of the Board of Directors and its committees, in accordance with good governance principles.

He must:

- promote the highest standards of integrity, probity and corporate governance across the Group, particularly at the Board level, thus ensuring the effectiveness thereof;

(1) As part of the PSA's acquisition of Opel, PSA issued share warrants to the General Motors group. Thus Stellantis, which took over PSA's undertakings after the merger with FCA, must retain approximatively 0.8% of the Company's share capital in order to be able to deliver Faurecia's shares in the event that General Motors exercises its share warrants.

- manage the relations between Board members and the Chairs of the committees and, in this respect:
 - promote effective working relations and open communication, and foster an environment that enables constructive discussions and the sharing of information between members of the Board of Directors and the Chief Executive Officer, during and outside meetings,
 - lead and govern the Board so as to create the conditions required for the overall effectiveness of the Board of Directors and its members, and ensure that all key and relevant issues are adequately prepared and discussed by the Board of Directors and the various committees in a timely fashion,
 - schedule and set the agenda of the Board meetings, in consultation with the Chief Executive Officer and the Secretary of the Board, to take full account of the Group's major challenges and issues raised by Board members, and ensure that sufficient time is devoted to thoroughly discuss significant and strategic matters,
 - address any conflicts of interest,
 - conduct, with the assistance of the Governance, Nominations and Sustainability Committee, assessments of the Board of Directors, searches for new Board members and their induction program,
 - organize, with the Chief Executive Officer and the Chairs of the various committees, the preparation of and chair General Meetings, oversee the relations and ensure effective communication with shareholders;
- manage 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 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.
- committee work and reviews and attendance at certain committee meetings;
- process of recruiting new Board members and, in general, reflections on the development and composition of the Board of Directors, in particular within the framework of the distribution of Faurecia shares by Stellantis (company resulting from the merger between PSA and FCA) and on resulting consequences on the governance;
- steering the assessment process of the Board of Directors;
- reviewing developments in governance-related issues in order to take into account legislative and regulatory changes;
- shareholder dialog (see below in the section dedicated to this topic);
- monitoring the Group's strategic activities/issues with the Chief Executive Officer, including (i) the proposed distribution of the Company's shares by Stellantis to its shareholders and the management of the transition towards a new, mainly floating, shareholding structure along with (ii) the execution of the Group's social and environmental responsibility strategy. The Chairman of the Board of Directors is fully dedicated to sustainability and has notably, in the course of 2020 fiscal year, signed a statement from the *entreprises pour l'environnement* (companies for the environment) in which more than ninety leaders of French and international companies call for a collective mobilization to make economic recovery an accelerator for the ecological transition;
- meetings and chairing the ad hoc committee in charge of governance issues related to the proposed distribution of the Company's shares by Stellantis to its shareholders, meeting of the independent Board members only and executive sessions.

ROLE OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is vested with the widest possible powers to act under all circumstances in the name of the Company. He exercises these powers within the limits imposed by the corporate purpose and subject to those explicitly attributed by law to General Meetings of shareholders and to the Board of Directors.

He represents the Company in relations with third parties. The Company even remains bound by actions taken by the Chief Executive Officer that are not within the scope of the corporate purpose, unless it can evidence that the third party was aware that the action in question exceeded this scope or could not have been unaware of the fact given the circumstances, the simple publication of the bylaws not being sufficient proof.

It is specified that the restrictions on the powers of the Chief Executive Officer are set out in the internal rules of the Board of Directors. The Chief Executive Officer must therefore obtain approval from the Board of Directors before carrying out any acquisition, disposal, or joint venture project representing a total asset value of over €100 million and/or with sales in excess of €300 million. These internal rules also state that any material transaction which is not integrated in the Company's current strategy plan will be submitted to the prior approval of the Board of Directors.

In 2020 and until the publication of this Universal Registration Document, 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:

SHAREHOLDER DIALOG

The Group attaches particular importance to shareholder dialog, and has set up a specific structure based on three main areas, to respond to the questions, concerns and queries of shareholders (both institutional investors and individual shareholders), asset managers and voting advisory agencies.

- **Dialog on financial performance and strategy:** The Chief Financial Officer and his teams, under the responsibility of the Chief Executive Officer, issue communications on the performance of the past quarter or half at the end of each quarter, followed by telephone meetings or a meeting with analysts and investors. In addition to these regular events, throughout the year Faurecia encourages meetings between its Executive Management and financial market participants, at conferences and meetings ("financial roadshows") in France and abroad, in the form of individual or Group meetings. Finally, the Group organizes each year an investors day (Capital Markets Days) to present the Group's medium-term strategic vision, with the possibility to focus more specifically this day on specific topics. For more information on Faurecia's relations with the financial community, please refer to Chapter 5 "Capital stock and shareholding structure", Section 5.5 "Relationship with the financial community".
- **Dialog on non-financial performance:** The Sustainable Development and Carbon Neutrality teams meet and exchange views with investors or non-financial rating agencies on the Group's CSR approach, based on the Group's six convictions, and on specific action plans for the planet, the Group's businesses and employees. These subjects may also be dealt with during governance roadshows, in the presence of the Chairman of the Board of Directors (see below).
- **Dialog on governance:** the Chairman has discussions with the main institutional investors. In addition to these discussions, the Secretary of the Board of Directors and the legal teams hold meetings with the main institutional investors and the main voting advisory agencies prior to General Meetings, primarily to explain the resolutions that will be proposed to the General Meeting (these are known as "governance roadshows"). These meetings are distinct from the financial roadshows and also provide an opportunity to discuss governance, compensation, CSR and strategy, and are attended by the Chairman of the Board of Directors. In 2020, the governance roadshows integrated a strong social and environmental responsibility dimension with the presentation of the roadmap and Group targets in terms of sustainable development.

3.1.2.5. Diversity policy within the Board of Directors**PRINCIPLES**

The Group's Board members come from a wide range of backgrounds and contribute a range of diverse but complementary skills to the Board of Directors. This wealth of diversity can also be found across the Board in terms of gender balance, range of nationalities and culture.

The Board of Directors, with the assistance of the Governance, Nominations and Sustainability Committee, ensures that a diversity policy is implemented within the Board, in accordance with the applicable regulations and the AFEP-MEDEF Code.

The purpose of the diversity policy put in place within the Board of Directors is to ensure in particular:

- a rate of Board member independence which is at least in line with the recommendations made in the AFEP-MEDEF Code;
- gender balance within the Board of Directors, at least in line with the applicable law (at least 40%);
- employee representation on the Board of Directors, with a number of Board members representing employees at least in accordance with the applicable legal provisions;
- the need for Board members to have the necessary expertise and experience to carry out their duties successfully in line with the strategy and interests of the Group (regions, activities, etc.);
- the complementary nature of the skills required for the work of the Board of Directors;
- international diversity so as to reflect the Group's global footprint;
- the respect of the bylaws' provisions in terms of age limit.

In order to evaluate the skills and profiles required for the membership of the Board of Directors, the Governance, Nominations and Sustainability Committee refers to a skills matrix (see below) and to the principles set out above, also taking into account the most appropriate size of the Board of Directors.

IMPLEMENTATION AND RESULTS OF THE DIVERSITY POLICY WITHIN FAURECIA'S BOARD OF DIRECTORS

Skills

| | | | | | | | | | | | |
|-----------------------------------|--|--|--|--|--|--|--|--|--|--|--|
| Daniel BERNARDINO | | | | | | | | | | | |
| Odile DESFORGES | | | | | | | | | | | |
| Linda HASENFRATZ | | | | | | | | | | | |
| Penelope HERSCHER | | | | | | | | | | | |
| Patrick KOLLER | | | | | | | | | | | |
| Valérie LANDON | | | | | | | | | | | |
| Olivia LARMARAUD ⁽¹⁾ | | | | | | | | | | | |
| Jean-Bernard LÉVY ⁽²⁾ | | | | | | | | | | | |
| Yan MEI | | | | | | | | | | | |
| Denis MERCIER | | | | | | | | | | | |
| Peter MERTENS | | | | | | | | | | | |
| Grégoire OLIVIER ⁽¹⁾ | | | | | | | | | | | |
| Robert PEUGEOT | | | | | | | | | | | |
| Emmanuel PIOCHE | | | | | | | | | | | |
| Michel de ROSEN | | | | | | | | | | | |
| Philippe de ROVIRA ⁽¹⁾ | | | | | | | | | | | |

(1) Until January 12, 2021, the date of their resignation as directors of the Company.

(2) Since February 19, 2021, the date on which the Board of Directors co-opted Jean-Bernard LÉVY as an independent Board member.

- Experience in Faurecia's core businesses
- Experience in an industrial company
- International experience
- Automotive technologies
- Governance/management of large companies
- Specific knowledge of a geographic market
- Banking/finance
- Data based technologies/digital
- Leadership and crisis management
- CSR
- Risk management
- Energy/electrification

Independence

As of December 31, 2020, the Board of Directors had eight independent Board members, representing 61.5% of its members. This percentage is calculated excluding the Board members representing employees, as these are not included in the calculation in accordance with the recommendations made by the AFEP-MEDEF Code.

At the date of this Universal Registration Document, this percentage is increased to 81.8% of its members taking into account (i) changes in the Company's governance (resignation of the three Board members appointed on the proposal of PSA, namely Grégoire Olivier, Olivia Larmaraud and Philippe de Rovira) linked to the completion of the merger between PSA and FCA and the distribution of the Company's shares, and (ii) the co-option of Jean-Bernard Lévy as an independent Board member.

These changes strengthen significantly the independence of the Board of Directors and therefore participate in the continuous improvement of the Company's governance.

This percentage is greater than the one set by the AFEP-MEDEF Code.

For more information on how independence is analyzed, please refer to Section 3.1.2.6 "Independence of members of the Board of Directors."

Balanced representation of men and women

As of December 31, 2020, the Board of Directors had six women members, representing 46% of its membership. This percentage is calculated excluding the Board members representing employees, as they are not included in the calculation in accordance with the applicable law.

At the date of this Universal Registration Document, this percentage remained stable at 45.5%. Changes in the Company's governance linked to the completion of the operation between PSA and FCA (as described above), as well as the co-option of Jean-Bernard Lévy as an independent director have had no effect on the gender balance on the Board of Directors.

This percentage is higher than that set by Article L. 22-10-3 of the French Code of commerce (40%).

Employee representation

As of December 31, 2020, and as of the date of this Universal Registration Document, the Board of Directors had two Board members representing employees, in accordance with Article L. 225-27-1 of the French Code of commerce.

The Board members representing employees mainly contribute to the Board of Directors through their in-depth knowledge of the Group and of the operational aspects of its businesses.

International diversity

As of December 31, 2020, and as of the date of this Universal Registration Document, the Board of Directors is composed of seven different nationalities (German, American (United States), British, Canadian, Chinese, French and Portuguese).

Most of the Board members have an international career and international responsibilities.

Five Board members are based abroad.

Age and length of service

As of December 31, 2020, Board members were aged between 47 and 70, with an average age of 60 years and seven months. At that date, two Board members were older than 70. The average length of service on the Board of Directors is four years and two months, ranging from one year and five months to thirteen years and seven months.

These data have changed very slightly, as of the date of this Universal Registration Document, taking into account the reference date used for the calculation (March 2021 versus December 2020 in the above assumption), changes in the Company's governance due to the operation between PSA and FCA (as described above), and the co-option of Jean-Bernard Lévy as an independent Board member. Therefore, Board members are between 50 and 71 years of age, with an average age of 62 years and two months. At that date, three Board members were older than 70. The average length of service on the Board of Directors is four years and four months, ranging from less than one month to 13 years and ten months.

The composition of the Board, either as of December 31, 2020 or at the date of this Universal Registration Document, respects the rules set out in the by-laws with respect to age limit.

Changes in the composition of the Board of Directors

The composition of the Board of Directors was recently changed as a result of:

- the resignation, effective on January 12, 2021, of the three Board members appointed on the proposal of PSA, namely Grégoire Olivier, Olivia Larmaraud and Philippe de Rovira. Please note that these resignations form part of PSA's undertakings in the context of the merger between PSA and FCA and the distribution of the Company's shares;
- the co-option of Jean-Bernard Lévy by the Board of Directors on February 19, 2021. This co-option forms part of the changes in composition as intended by the Board and the Governance and Nomination Committee (from now on named Governance, Nominations and Sustainability Committee). In accordance with the results of the last two assessments of the Board's operation, the Board of Directors has decided to appoint a new independent Board member with (i) a corporate executive profile and (ii) a large experience in particular in the governance of listed companies, to chair the Governance, Nominations and Sustainability Committee. This Committee therefore launched the process of seeking a new Board member who meets the characteristics described above. Following a selection process and interviews conducted by both the external service provider and Michel de Rosen, Chairman of the Board of Directors and of the Governance and

Nominations Committee (from now on named Governance, Nominations and Sustainability Committee), Jean-Bernard Lévy, Chairman and Chief Executive Officer of EDF was selected in order to strengthen the skills and expertise of the Board of Directors in the areas set out in the table below. His experience in the energy sector is also an asset considering the Group's commitment in new mobilities, notably in hydrogen. Therefore, Jean-Bernard Lévy was co-opted by the Board of Directors on February 19, 2021 as an independant Board member to replace Olivia Larmraud for the remainder of his predecessor's term of office, i.e. until the General Meeting called to approve the financial statements for the year ending December 31, 2023. Given his experience in corporate governance, he was also appointed as Chairman of the Governance, Nominations and Sustainability Committee. The ratification of Jean-Bernard Lévy's co-option as an independant Board member will be proposed to the General Meeting of May 31, 2021.

Following this development, the Board of Directors, on the recommendation of the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee), wanted to provide stable governance by proposing to the General Meeting of May 31, 2021 to renew every expiring Board members' terms of office. These reappointments form part of the diversity policy, and will enable the Board of Directors to continue to benefit from the experience and skills of these Board members, as described in the skills table above. Board members whose terms of office are expiring are Patrick Koller (Chief Executive Officer and Board member), Penelope Herscher (independent Board member), Valérie Landon (independent Board member) and Robert Peugeot (shareholder of the Company through Peugeot 1810).

Finally, it is specified that in view of the change in the Company's shareholding structure resulting from the distribution of the Company's shares by Stellantis (a company resulting from the PSA/FCA merger) to its shareholders, the composition of the Board of Directors may need to change primarily to reflect the Company's new shareholding structure.

3.1.2.6. Independence of members of the Board of Directors

In accordance with the AFEP-MEDEF Code, the Board of Directors, further to a recommendation from the Governance, Nominations and Sustainability Committee, examines the independence of each of its members at least once a year and whenever a new Board member is appointed.

The AFEP-MEDEF Code states that a Board member is independent when they have no relation of any kind whatsoever with the Company, its Group or its management which might compromise the exercise of their free judgment.

In order to analyze the independence of its members, the Board of Directors applies the criteria provided for in the AFEP-MEDEF Code, as reflected in the internal rules of the Board of Directors, as follows:

- not be an employee or executive corporate officer of the Company; an employee, executive corporate officer or Board member of a company consolidated thereby; an employee, executive corporate officer or Board member of the parent company or of any company consolidated by this parent company, and, in each of the cases in question, has not been in the past five years (**Criterion 1**);
- not be an executive corporate officer of a company in which the Company directly or indirectly holds a corporate office as Board member or in which an employee appointed as such or an executive corporate officer of the Company (currently or who has held such an office for less than five years) holds the corporate office of Board member (**Criterion 2**);
- not be a material client, supplier, corporate banker, investment banker, consultant of (i) the Company or its group with a significant importance; or (ii) for which the Company or its group represents a significant part of its business. This criterion is examined on the basis of a multi-criteria approach (**Criterion 3**);
- not have close family ties with a corporate officer (**Criterion 4**);
- not have been the Company's Statutory Auditor in the past five years (**Criterion 5**);
- not have been a Company Board member for more than 12 years (**Criterion 6**).

The Chairman of the Board of Directors may not be considered as independent if he receives variable compensation or compensation in shares or any remuneration linked to the performance of the Company or of the Faurecia group (**Criterion 7**).

Board members representing significant shareholders of the Company or of its parent company may be considered as independent when these shareholders are not involved in the control of the Company. However, beyond a threshold of 10% of the share capital or voting rights, the Board, further to a report by the Governance, Nominations and Sustainability Committee, systematically questions independence, taking into account the composition of the Company's share capital and the existence of any potential conflicts of interest (**Criterion 8**).

Annual independence review

At its meeting of February 19, 2021, and on the recommendation of the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee), the Board of Directors reviewed the status of each of the Board members in office both on December 31, 2020 and February 19, 2021 with regard to the criteria set out above. It should be highlighted that the appraisal of Jean-Bernard Lévy's independence, who was co-opted as an Board member by the Board of Directors on February 19, 2021 is subject to a specific analysis hereinafter.

Regarding the criterion of business relationships more specifically, this was examined using a multi-criteria approach including a quantitative and qualitative analysis intended to assess the significance thereof. The analysis includes a review of the relationships, contracts, and partnerships existing between Faurecia and the company or group in which the Board member holds an executive function or corporate office. This review was carried out with the Group's departments responsible for purchasing, sales, R&D, M&A and finance, and also on the basis of a specific questionnaire addressed to Board members including a section on conflicts of interest.

Regarding Board members who may be considered independent, it would appear, from a quantitative point of view, that if the Faurecia group:

- could purchase products and take advantage of services from companies or groups in which certain of its Board members, who may potentially be considered independent, held roles during the 2020 fiscal year, the amounts paid were determined under ordinary and normal conditions and represented not significant amounts for these groups;
- holds a minority stake in the share capital of a start-up in which one of its Board members, who may potentially be considered independent, also holds a minority stake (less than 1%) the amount invested represents an amount which is extremely insignificant on the scale of the Faurecia group (0.03% of sales of 2019 fiscal year, year during which the investment was made) and, upon completion, the investment had been made jointly with other minority investors under conditions which were similar for all, including the Board member in question;

these quantitative elements are therefore not such as to justify any suspicion as to the independence of the Board members.

In addition, in the context of this analysis, the Board of Directors also examined from a qualitative point of view the nature and intensity of the business relationship (potential economic dependence and exclusivity, distribution of negotiation power) as well as the organization of the relationship (position of the relevant Board member within the contracting group, direct or indirect decision-making powers or influence on the business relationship, level on which decisions are made within the Group, absence of any representatives of the Group having voting rights on the Board of Directors of the start-up, and shareholding structure of the start-up).

This analysis shows that none of the Board members likely to be considered as independent has any significant business relationship with the Faurecia group.

Independence review when appointing a new Board member

As stated in paragraph 3.1.2.5 "Diversity policy within the Board of Directors" in the section on changes in the composition of the Board of Directors, the Board of Directors, on the recommendation of the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee), analyzed the independence of Jean-Bernard Lévy in connection with his co-option. Independence was analyzed using the same methodology as described above and used by the Company in its annual independence review of its members.

Jean-Bernard Lévy is notably Chairman and Chief Executive Officer of EDF and a Board member of Société Générale (it is specified for information purposes that Jean-Bernard Lévy did not ask for the renewal of this mandate within Société Générale which will end at the end of the 2021 general meeting). The Group maintains business relationships with the EDF group for its electricity supply and with the Société Générale group.

Concerning the business relationship with the EDF group:

The EDF group is, as is the case for many groups, one of the Group's electricity suppliers.

From a quantitative point of view, the Board of Directors noted that the amount of the Group's electricity expenses was not significant, since it amounts to less than 1% of both (i) EDF group's sales and the Group's sales, and (ii) the total amount of the Group's (direct and indirect) purchases.

From a qualitative point of view, the Board of Directors noted in particular (i) the historical precedence of the business relationships, as the relationship between the EDF group and the Faurecia group predates both the appointment of Jean-Bernard Lévy as Chairman and Chief Executive Officer of EDF, and its candidacy as Board member of the Company (ii) the fact that there has been no significant change in the business relationships in recent years, (iii) the fact that there is no economic dependency or exclusivity, given the Group's relationships with other electricity suppliers, both internationally (where most of its plants are located) and in France, with the ability to increase the use of these other players in France under similar pricing terms, (iv) the fact that tender procedures are in place within the Group to ensure that services are provided on the best terms, and (v) the fact that the business relationships between the EDF group and the Faurecia group, which are part of the normal course of business, are not subject to monitoring by the Boards of Directors of both groups, or entered into by holding companies.

Concerning the business relationship with the Société Générale group:

Société Générale group is one of the Group's financial services providers, alongside other renowned international banks.

From a quantitative point of view, the Board of Directors has analyzed the main flows, commitments, transactions and existing mandates with the Société Générale group. It appears that these are (i) similar to those of each bank performing the same role with which the Group works (ii) set at market prices and (iii) in line with those of the other three major international banks with which the Group works.

From a qualitative point of view, the Board of Directors noted in particular (i) that there was no economic dependency and exclusivity, as the Group regularly works with other major international banks, (ii) that there had been no significant change in the relationship in recent years, (iii) the fact that tender procedures are in place to guarantee the provision of services on the best terms and the principle of rotation between the leading banks in the Group's financing operations, and (iv) the non-executive role of Jean-Bernard Lévy, which does not give him any negotiating or decision-making powers over the contracts and financing constituting the business relationship.

In view of the above, the Board of Directors considers that the business relationships between, on the one hand the EDF

group and the Group and, on the other hand the Société Générale group and the Group, are not significant.

Conclusion and summary

The Board of Directors, on the recommendation of the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee), considered that nine of the Board members in office on February 19, 2021 are independent : Michel de Rosen, Odile Desforges, Linda Hasenfratz, Penelope Herscher, Valérie Landon, Jean-Bernard Lévy, Yan Mei, Peter Mertens and Denis Mercier, i.e. a rate of 81.8% (excluding Board members representing employees in accordance with the AFEP-MEDEF Code), which is higher than the percentage set by the AFEP-MEDEF.

It is specified that:

- none of the above-mentioned independent directors have any significant business relationship with the Group;
- if a conflict of interest were to arise, the rules defined for the management of such conflicts in the internal rules would then apply (for more details regarding these rules, please refer to section 3.1.3.1 "Organization of the Board of Directors", paragraph "Board members' obligations" hereinafter).

The results of the independence review of the Board members in office as of February 19, 2021 are set out in the summary table below:

| | Odile DESFORGES | Linda HASENFRATZ | Penelope HERSCHER | Patrick KOLLER | Valérie LANDON | Jean-Bernard LÉVY | Yan MEI | Denis MERCIER | Peter MERTENS | Robert PEUGEOT | Michel de ROSEN | Daniel BERNARDINO ⁽¹⁾ | Emmanuel PIOCHE ⁽¹⁾ |
|--|-----------------|------------------|-------------------|----------------|----------------|-------------------|------------|---------------|---------------|----------------|-----------------|----------------------------------|--------------------------------|
| Criteria | | | | | | | | | | | | | |
| Criterion 1: employee and corporate officer over the course of the previous five years | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | - | - |
| Criterion 2: cross-directorships | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | - | - |
| Criterion 3: significant business relationship | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | - | - |
| Criterion 4: family relationship | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | - | - |
| Criterion 5: Statutory Auditor | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | - | - |
| Criterion 6: term of office more than 12 years | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | - | - |
| Criterion 7: status of executive and non-executive corporate officer | - | - | - | - | - | - | - | - | - | - | ✓ | - | - |
| Criterion 8: major shareholder status | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | - | - |
| Independence of the Board member | Yes | Yes | Yes | No | Yes | Yes | Yes | Yes | Yes | No | Yes | - | - |

✓ means independence criterion met. ✗ means independence criterion not met.

(1) In accordance with the AFEP-MEDEF Code, Board members representing employees are not included in the calculation of the percentage of independent Board members.

3.1.3. Organization and functioning of the Board of Directors

The functioning of the Board of Directors is governed by the laws and regulations and by internal provisions, i.e. the bylaws and internal rules of the Board of Directors, most recently modified on February 19, 2021.

Internal rules of the Board of Directors:

- determines the mission of the Board and that of its committees;

- describes the role of the Chairman, the Chief Executive Officer and the Secretary of the Board;
- details the rules and procedures for the Board's operation and the rights and duties of its members.

The internal rules are available on the governance page of the Company's website (www.faurecia.com).

3.1.3.1. Organization of the Board of Directors

Onboarding of new members and training

The Board of Directors pays particular attention to the onboarding of new Board members. To provide the Board members with optimal conditions for the performance of their corporate office, an induction program has been put in place to present the Group, regarding organizational, functional, and governance matters. In particular, this program includes an operational section aimed at providing an understanding of the Group's business and products via visits to sites and plants in various parts of the world. These visits are completed by meetings with members of the Executive Committee, during which the organization of the Group, its business, and the challenges it faces are presented. The program also includes training provided by the Secretary of the Board of Directors on subjects related to the governance of listed companies, and more specifically on Faurecia's governance.

When appointed or at any time during their term of corporate office, Board members may also take advantage, if they consider it necessary, of additional training on specific aspects relating to the Group, its core businesses and business sector, and the challenges in terms of social and environmental responsibility.

It is specified that Board members representing employees follow the same induction program as the other Board members. SciencesPo Paris, in partnership with France's Institute of Directors (*Institut Français des Administrateurs* – IFA), also provided them with training tailored to the responsibilities of their corporate offices, including training on Board member duties that granted them certification.

Number of meetings and duration

The Chairman convenes the Board meetings and communicates their agendas.

The internal rules state that the Board of Directors must meet at least four times per year, as provided by the bylaws, to discuss the agenda items listed by the Chairman. By way of exception, the Board of Directors meets at least once per year without the Chief Executive Officer in attendance to assess the performance of said officer and discuss governance issues (executive session).

Sufficient time must be devoted during each Board meeting to usefully and thoroughly discuss the agenda items.

Finally, please note that in view of the Company's shareholder structure, a meeting comprising only independent directors is scheduled at least once a year, to be called by the Chairman of the Board of Directors.

Information

The Chairman, assisted by the Secretary of the Board of Directors, is responsible for communicating the information and documents required for the Board meetings to the Board members in a timely manner. Outside their meetings, Board members receive from the Chairman important or urgent information relevant to the Company and the Group. They also receive press releases distributed by the Company.

Any additional information or document requested by a Board member is automatically communicated to all other Board members.

Such information and documents may be provided during a Board meeting should privacy or timeliness considerations so require.

Representation

In accordance with the laws, a Board member may specifically designate another Board member to represent him at Board meetings.

The internal rules also state that attendance at Board meetings is also possible via video conference or other means of telecommunication, in particular to allow for the actual participation of Board members who are unable to attend meetings in person. Board members using these methods are considered present for the purpose of the calculation of the quorum and the majority.

The foregoing provisions relating to representation by video conference or telecommunications means are not applicable for taking the decisions provided for in Articles L. 232-1 and L. 233-16 of the French Code of commerce, relating to the preparation of the annual parent company and consolidated financial statements and the Company and Group management report, subject to the provisions of Order No. 2020-321 of March 25, 2020, as extended by Order No. 2020-1497 of December 2, 2020.

Quorum and majority

The Board validly deliberates if at least half of its members attend the Meeting in person or by video conference or any other means of telecommunication or is represented.

Decisions are adopted on the basis of a majority of those members in attendance (or deemed to be in attendance, as in the case of the use of video conference or other means of telecommunication) or represented. The Chairman of the Meeting has a casting vote.

Board members' obligations

The internal rules impose certain obligations on members of the Board with the aim to mainly ensure that they are familiar with the provisions that apply to them, avoid conflicts of interest, guarantee that they devote the time and attention needed to perform their duties and that they comply with the rules that apply to holding several corporate offices as well as regulated agreements.

To properly manage conflicts of interest, each Board member must inform the Board of Directors of any temporary, even if it is only potential, conflicts of interest and abstain from voting in the corresponding deliberation and attending the Board's meetings for the period during which the said Board member has a conflict of interest, or even resign from the position as a Board member. If these rules calling for the Board member to abstain or even withdraw are not followed, the said Board member could be held liable. In case of conflict of interest, the Board member concerned will not receive documentation relating to the Board meeting(s) in question.

Regarding information, Board members must request information that they believe is necessary to fulfill their assignments and to allow them to make informed decisions on the topics covered by the Board of Directors. Concerning non-public information obtained during the course of their work, they must act as though they are bound to a confidentiality obligation, which goes beyond the mere duty of discretion provided for by law, and not share this information with a third party outside the Board of Directors. In addition, European Regulation 2157/2001 on European Companies stipulates that even after the termination of their duties, Board members are required not to disclose any information they have about the Company, the disclosure of which could be prejudicial to the Company's interests, except in cases where such disclosure is required or permitted by the provisions of national law.

The internal rules also stipulate that Board members must act in the Company's best interest and participate in Board of Directors' meetings as well as the committee on which the Board member sits.

Finally, these obligations relate to the holding of a minimum number of Company shares (this obligation does not apply to Board members representing employees), the manner in which they are held and compliance with the applicable rules on securities transactions and shareholding (see Section 3.5. "Shareholding by corporate officers and transactions in the Company's securities" of this Universal Registration Document).

Specialized Committees

To optimize its discussions, the Board of Directors set up Specialized Committees which have a purely internal role in preparing some of the Board's deliberations. They issue proposals, opinions and recommendations within their field of competence. Each Specialized Committee has its own internal rules approved by the Board of Directors which sets its composition, membership rules and operating procedures, and specific roles.

The Committees report on their work to the Board of Directors after each meeting and perform a self-assessment of their activities on an annual basis.

As of the date of this Universal Registration Document, the Board of Directors has three permanent Specialized Committees:

- the Audit Committee;
- the Governance, Nominations and Sustainability Committee, previously named Governance and Nominations Committee. It is underlined that this change in the name, effective as of February 19, 2021, has been decided in order to better reflect the expansion of the Committee's missions in the field of social and environmental responsibility. These missions were added to the Committee's scope of responsibility given the essential role of sustainability in the Group's strategy, during the Committee reorganization that occurred on October 1, 2019;

- the Compensation Committee.

In accordance with best governance practices, on December 18, 2019, the Board of Directors also set up an ad hoc committee responsible for monitoring certain issues related to potential changes in the Company's shareholding structure in connection with the planned distribution of the Company's shares by PSA, then Stellantis (a company resulting from the PSA/FCA merger), to its shareholders.

Information on the composition, missions and activity of the permanent Specialized Committees and of the ad hoc committee are detailed in Section 3.1.4 "Specialized Committees of the Board of Directors."

3.1.3.2. Number of meetings of the Board of Directors and of the Specialized Committees and attendance rate

The Board of Directors met ten times during the fiscal year ended December 31, 2020, including four "extraordinary" meetings: three times between mid-March and mid-May 2020 at the height of the first wave of the Covid-19 pandemic and once in connection with the planned distribution of the Company's shares by Stellantis (a company resulting from the PSA/FCA merger) to its shareholders. The average length of Board meetings was three hours. Attendance at these meetings, by Board member and overall, is indicated in the table below. Due to travel restrictions related to the Covid-19 pandemic and the health protection measures put in place, Board members were unable to physically attend all Board meetings. From mid-March onwards, meetings were held either by video conference, or in a hybrid format combining face-to-face and video conference.

In addition, an additional meeting was held on October 22, 2020 with the independent Board members only. There was 100% attendance at this meeting. Finally, "executive sessions" (without the Chief Executive Officer) were held five times in 2020.

The Audit Committee, the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee) and the Compensation Committee met six, five and four times in 2020, respectively, over a total of 15 meetings. The duration of Committee meetings ranges between two and five hours.

Lastly, the ad hoc committee, a temporary Specialized Committee created in the context of potential changes to the Company's shareholding structure following the planned distribution of the Company's shares by Stellantis (a company resulting from the PSA/FCA merger) to its shareholders, met twice and its meetings lasted approximately two hours.

The intervals and frequency of the meetings of the Board of Directors and Specialized (permanent and temporary) Committees allow for the submitted topics to be thoroughly discussed and examined.

3 Corporate governance

Board of Directors

The table below indicates, for each Board member, attendance during the fiscal year 2020 at meetings of the Board of Directors and of any Specialized Committees of which they are a member.

| | Attendance at Board meetings ⁽¹⁾ | Attendance at meetings of the Audit Committee | Attendance at meetings of the Governance and Nominations Committee ⁽²⁾ | Attendance at meetings of the Compensation Committee | Attendance at the ad hoc Committee |
|--------------------|---|---|---|--|------------------------------------|
| Michel de ROSEN | 100% | N/A | 100% | N/A | 100% |
| Daniel BERNARDINO | 100% | N/A | N/A | 100% | 100% |
| Odile DESFORGES | 100% | 100% | N/A | N/A | 100% |
| Linda HASENFRATZ | 100% | N/A | N/A | 100% | N/A |
| Penelope HERSCHER | 100% | N/A | 100% | N/A | 100% |
| Patrick KOLLER | 100% | N/A | N/A | N/A | N/A |
| Valérie LANDON | 100% | 100% | N/A | N/A | 100% |
| Olivia LARMARAUD | 100% ⁽³⁾ | 100% | N/A | N/A | N/A |
| Yan MEI | 100% | N/A | N/A | N/A | N/A |
| Denis MERCIER | 100% | N/A | 100% | N/A | N/A |
| Peter MERTENS | 100% | N/A | N/A | 100% | N/A |
| Grégoire OLIVIER | 78% ^{(3) (4)} | N/A | N/A | N/A | N/A |
| Robert PEUGEOT | 100% | N/A | N/A | 100% | N/A |
| Emmanuel PIOCHE | 100% | 100% | N/A | N/A | N/A |
| Philippe de ROVIRA | 89% ^{(3) (4)} | N/A | 80% | N/A | N/A |
| TOTAL | 97.95% | 100% | 95% | 100% | 100% |

N/A: not applicable.

(1) The calculation of attendance, as presented in this table, does not take into account the additional meeting of independent Board members only that took place on October 22, 2020 for which the attendance rate was 100%.

(2) As of February 19, 2021, this Committee has been renamed Governance, Nominations and Sustainability Committee. This change in the name has been decided in order to better reflect the expansion of the Committee's missions in the fields of social and environmental responsibility. These missions were added to the Committee's scope of responsibility given the essential role of sustainability in the Group's strategy, during the Committee reorganization that occurred on October 1, 2019.

(3) Percentage calculated on the basis of nine meetings. The Board members whose appointment was proposed by PSA have not been convened to the Board meeting dedicated to Company's long-term strategy review given the merger between PSA and FCA and the subsequent project of distribution of the Company's shares by Stellantis to its shareholders.

(4) Percentage rounded up to the nearest whole number.

3.1.3.3. Roles and responsibilities of the Board of Directors and report on its activity

The Board of Directors is a collective body that determines Faurecia's business strategy and oversees its implementation, in accordance with the corporate purpose, taking the social and environmental challenges created by its business into consideration. Subject to the powers explicitly attributed to shareholder's meetings and within the limits of the business purpose, the Board considers any questions affecting the proper operation of the Company, and Board decisions settle matters concerning it. It is consulted on all Company and Group strategic decisions at the Chairman's initiative.

The table below describes the main tasks assigned to the Board as described in the internal rules, as well as the main points of its activity report in 2020, strongly impacted by the Covid-19 sanitary crisis:

| Topics | Missions | 2020 Activity report |
|---|---|---|
| General/ Strategy | <ul style="list-style-type: none"> Determining strategic priorities: determining and monitoring the implementation of decisions regarding the Company's main strategic, economic, social, financial, technological and environmental priorities. The medium-term direction of the Group's activities is defined by a strategic plan. The draft plan is prepared and presented by the Chief Executive Officer before being adopted by the Board of Directors. Prior authorization to be granted to the Chief Executive Officer for (i) any proposed acquisition, disposal, or joint venture project representing a total asset value of over €100 million and/or with sales in excess of €300 million and (ii) any significant transaction that is not included in the Company's strategic plan. | <ul style="list-style-type: none"> Regular update on the management of consequences of the Covid-19 sanitary crisis, in particular on employees' health safety, cash position and cessation/resumption of activity. Updates on strategic projects. Reviews of commercial and strategic priorities, with a day dedicated to the Group's long-term strategy. Regular review of the Group's CSR approach and execution of the roadmap setting the Group's social and environmental responsibility targets, with a particular emphasis on (i) the deployment of the gender equality program, the carbon and hydrogen neutrality project and (ii) the Group's strategy in these sectors. Updates on the PSA/FCA merger and on the planned distribution of Faurecia shares (including changes in the shareholding structure and governance, as well as PSA's and FCA's undertakings to avoid the Group's control by Stellantis). |
| Financial statements and relations with Statutory Auditors | <ul style="list-style-type: none"> Settlement of 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 is submitted for shareholder approval at the General Meeting, and verification of compliance with the rules that guarantee their independence especially regarding the amount of their compensation. | <ul style="list-style-type: none"> Review of the 2019 annual (parent company and consolidated) and 2020 interim (consolidated) financial statements. Review and proposals on the dividend (proposed payment for the fiscal year ended December 31, 2019 and then, in the context of the Covid-19 sanitary crisis, a proposal to cancel it) and review of the dividend policy. Approval of press releases concerning (i) the 2019 results and the annual 2020 guidance, (ii) the results for the first half of 2020 with the new guidance for the second half of 2020 issued after taking into account the impact of the Covid-19 sanitary crisis and the update of the Ambitions 2022 plan, as well as (iii) first- and third-quarter sales, with the upward revaluation of the guidance for the second half of 2020. |
| Budget and provisional management | <ul style="list-style-type: none"> Approval of the annual budget. Periodic review of the Group's business and of budget execution. Approval of management planning items and related reports. | <ul style="list-style-type: none"> Approval of the revised 2020 budget, since the initial budget had to be reviewed in consideration of the Covid-19 sanitary crisis, and 2021 budget. Delegations of authority granted to the Chief Executive Officer to establish the provisional management documents. Regular review of the Company's figures and results, including the review of the impact of the Covid-19 sanitary crisis on these figures and results thereof. Review of forecasting results, the annual guidance for 2020, the guidance for the second half of 2020 established after taking into account the impact of the Covid-19 sanitary crisis, the guidance for the second half of 2020 revised upwards, the 2021-2022 trajectory and the Ambitions 2022 plan updated in consideration of the Covid-19 sanitary crisis. |
| Financial position, financing and security issues | <ul style="list-style-type: none"> 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. Carrying out transactions impacting the capital under the authority delegated by the Extraordinary General Meeting. | <ul style="list-style-type: none"> Update on the financial and cash position, including the assessment of the impact of the Covid-19 sanitary crisis on fundings, cash level and monitoring of covenants. Authorization of bond issues particularly with a view to refinancing the Club Deal of 800 millions euros concluded in April 2020 in consideration of the Covid-19 sanitary crisis. Renewal of the authorization given to the Chief Executive Officer to grant sureties, endorsements, and guarantees. Review of the performance of the Faurecia share price. |

| Topics | Missions | 2020 Activity report |
|---|--|---|
| Internal control and risk management | <ul style="list-style-type: none"> Monitoring the effectiveness of the internal control and risk management systems and the regular review of opportunities and risks (financial, legal, operational, social and environmental). Supervising the introduction of a system to prevent and detect corruption and influence peddling. Review of risk monitoring and management at least annually following a presentation by the Audit Committee. | <ul style="list-style-type: none"> Review of risks and opportunities; approval of the risk chapter of the Universal Registration Document. Information on health and safety protection in the workplace protocols – Safer Together implemented in the context of the Covid-19 sanitary crisis (safety rules, supply and production of masks etc.). Review of the risk management process. |
| Compensation | <ul style="list-style-type: none"> Compensation for the Chairman, Chief Executive Officer and Board members. Implementation of stock subscription or purchase option plans, performance share plans and any other type of long-term compensation, and approval of lists of beneficiaries thereof. | <ul style="list-style-type: none"> Review of changes to the Chief Executive Officer's compensation policy for 2020, primarily in order to further strengthen the Company's interests, with a review of consideration for additional undertakings. Approval of compensation policies for corporate officers and implementation (including setting targets for variable compensation of the Chief Executive Officer) with (i) the one-year postponement of the Chief Executive Officer's compensation increase due to the Covid-19 sanitary crisis and (ii) the reduction of the fixed compensation of both the Chairman of the Board of Directors and the Chief Executive Officer for three months due to Covid-19 sanitary crisis. Ex-post 2019. Approval of performance action plan No. 12, recognition of the achievement of the performance conditions of plan No. 9 and adjustment of the objectives of the internal criteria of plan No. 11 taking into account the impact of the Covid-19 sanitary crisis . Approval of the new features of PAPP 2. Information on the procedure for the payment of corporate officers' expenses. |
| Governance | <ul style="list-style-type: none"> Review of the governance structure: determination of Faurecia's Executive Management procedures, creation of committees of the Board of Directors, appointment of their members, determination of their tasks and operating procedures. Co-option of, and proposals to appoint or reappoint, Board members, appointment or reappointment of the Chairman and Chief Executive Officer. Preparation and regular monitoring of the succession plan for executive and non-executive corporate officers. Governance assessment: work of the Board and its committees; assessment of the independence of Board members. Authorization of "regulated" agreements and undertakings within the meaning of French law. 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. Notice prior to the acceptance of a new term of office in a listed company by an executive corporate officer. Monitoring of the implementation of the policy on non-discrimination and diversity within the Company's management bodies in accordance with the AFEP-MEDEF Code and applicable regulations. | <ul style="list-style-type: none"> Review of the results of the internal assessment of the operations of the Board and its Committees for 2019 and preparation of the 2020 assessment, with a specific emphasis on the impact of the Covid-19 sanitary crisis on the running of the Board of Directors. Review of the Board members' independence status. Reappointment of the Chairman of the Board of Directors. Proposal for the reappointment of Board members. Decision to reappoint the Chairmen/women of the Committees and one of their members. Review of the succession plans (including information on the succession of the Group's main senior executives). Review of the emergency back-up plan implemented in the context of the Covid-19 sanitary crisis, and update, for the emergency replacement of officers in the event of temporary incapacity. Approval of the 2019 Universal Registration Document and management reports. Approval of the procedure on the qualification of ordinary agreements and update on the implementation of this procedure. |
| General Meeting | <ul style="list-style-type: none"> Convening General Meeting and setting the agenda and finalizing the draft resolutions. Response to written questions, with the option to delegate to a Board member, the Chief Executive Officer, or a Deputy Chief Executive Officer to respond thereto. | <ul style="list-style-type: none"> Review of arrangements for holding General Meetings in the context of the Covid-19 sanitary crisis. Decision to postpone the date of the General Meeting in view of the Covid-19 sanitary crisis . Convening the Combined General Meeting of June 26, 2020, agreeing the agenda and resolutions submitted to shareholders for approval and the explanatory notes. Delegation given to the Chief Executive Officer for the purpose of finalizing arrangements for holding the General Meeting in the context of the Covid-19 sanitary crisis . Delegation given to the Chief Executive Officer to reply to written questions. |
| Other points | | <ul style="list-style-type: none"> Renewal of the liquidity contract. Review of an Employee share ownership project (ESOP), and authorization in the context of the project of distribution of the Company's shares by Stellantis. Update on the employee satisfaction survey. |

3.1.4. Specialized Committees of the Board of Directors

The Board of Directors has decided to set up three Specialized (permanent) Committees: the Audit Committee, the Governance, Nominations and Sustainability Committee and the Compensation Committee.

Each Committee has internal rules which define its composition, tasks and detailed operating methods. These internal rules are available on the governance page of the Company's website (www.faurecia.com).

The Committees study and prepares some of the Board's deliberations. They issue proposals, opinions and recommendations within their field of competence. The Committees have an advisory role only and act under the authority of the Board of Directors, to which they report whenever necessary and for which they cannot serve as a substitute.

The composition of the Committees is decided by the Board, and it can change the composition at any time. The term of office of Committee members is the same as that of their term of office as Board members. The Committee member's term of office may be renewed at the same time as their term of office as Board member.

Each Committee is chaired by a Board member appointed to the Committee by the Board of Directors, it being specified that only independent Board members may chair the Compensation Committee and the Governance, Nominations and Sustainability Committee. It is specified that the appointment or reappointment of the Chairman of the Audit Committee, proposed by the Governance, Nominations and Sustainability Committee, is subject to special review by the Board.

The Committees meet when convened by the Chairman/woman (and/or by the Secretary of the Committee).

The Committees may also call on external experts, as necessary, ensuring that they have the necessary skills and independence.

Finally, please note that on December 18, 2019, the Board of Directors also set up a temporary Committee, the ad hoc Committee, set up in the context of potential changes in the Company's shareholding structure due to the planned distribution of the Company's shares by Stellantis (a company resulting from the PSA/FCA merger) to its shareholders.

The composition and key figures of the Specialized Committees are as follows:

Audit Committee (Universal Registration Document date)

Three members
100% independent ⁽¹⁾
Odile Desforges ^(C)
Valérie Landon
Emmanuel Pioche ⁽²⁾

Key figures (as of December 31, 2020)

Six meetings
Attendance rate of 100%

Governance, Nominations and Sustainability Committee (Universal Registration Document date)

Four members
100% independent
Jean-Bernard Lévy] ⁽³⁾
Penelope Herscher
Denis Mercier
Michel De Rosen

Key figures (as of December 31, 2020)

Five meetings
Attendance rate of 95%

Compensation Committee (Universal Registration Document date)

Four members
67% independent ⁽¹⁾
Linda Hasenfratz ^(C)
Daniel Bernardino ⁽²⁾
Peter Mertens
Robert Peugeot

Key figures (as of December 31, 2020)

Four meetings
Attendance rate of 100%

Ad hoc committee (Universal Registration Document date)

Five members
100% independent ⁽¹⁾
Michel de Rosen ^(C)
Daniel Bernardino ⁽²⁾
Odile Desforges
Penelope Herscher
Valérie Landon

Key figures (as of December 31, 2020)

Two meetings
Attendance rate of 100%

(1) In accordance with the AFEP-MEDEF Code, Board members representing employees are not included in the calculation of the percentage of independent Board members.

(2) Board member representing employees.

(3) Chairman/Chairwoman.

3.1.4.1. Audit Committee

3.1.4.1.1. COMPOSITION OF THE AUDIT COMMITTEE

The Committee is composed of at least three members and no more than five members and at least two thirds of its members must be independent Board members. Members are selected from among the Board members. The Committee may only be composed of members of Faurecia's Board of Directors who are not executives. It must also not include individuals with cross-directorships (within the meaning of Article 15.1 of the AFEP-MEDEF Code).

As of the date of this Universal Registration Document, the Audit Committee is composed of the following three members:

- Odile Desforges, independent Board member, Chairwoman;
- Valérie Landon, independent Board member;
- Emmanuel Pioche, Board member representing employees.

Changes in the composition of the Audit Committee between January 1, 2020 and the date of this Universal Registration

Document are presented in the table under Section 3.1.2.3. "Changes in the composition of the Board of Directors and the Specialized Committees" en 2020.

All of the Board members appointed by the General Meeting who are members of the Audit Committee are financial/accounting experts as can be seen from their profiles which appear in Section 3.1.2.2 "Board members' expertise, positions and corporate offices as of the date of this Universal Registration Document". In this regard, it should be noted that the Chairwoman is Chairwoman of Safran's Audit and Risk Committee.

The composition of the Committee, as described above, complies with the two-thirds threshold of independence recommended by the AFEP-MEDEF Code as reflected in the Committee's internal rules ⁽¹⁾.

(1) In accordance with the AFEP-MEDEF Code, Board members representing employees are not included in the calculation of the percentage of independent Board members.

3.1.4.1.2. ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE IN 2020 AND REPORT ON ITS ACTIVITY

In 2020, the Audit Committee met six times with an attendance rate of 100% (see Section 3.1.3.2 "Number of meetings of the Board of Directors and of the Specialized Committees and attendance rate" which presents the attendance rate for each member of the Audit Committee at its meetings). It is specified that the Statutory Auditors were present and, where applicable, reported to the Committee during each of these meetings.

The table below describes the tasks assigned to the Committee, as well as the main points of its 2020 activity report, which was strongly affected by the Covid-19 sanitary crisis :

| Topics | Missions | 2020 Activity report |
|--------------------------------------|--|--|
| Audit of financial statements | <ul style="list-style-type: none"> ■ 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. <p>In this regard, the Committee must:</p> <ul style="list-style-type: none"> i. review the financial statements and related management reports; ii. ensure the relevance, permanence and proper application of the accounting policies used in the preparation of the financial statements, primarily by monitoring their preparation and assessing the validity of the methods selected for processing major transactions; iii. monitor the preparation of the financial information and, where necessary, formulate recommendations to safeguard its integrity; iv. during the review of the financial statements, examine the major transactions likely to give rise to a conflict of interests; v. ensure the adequate processing of major transactions at the Faurecia group level; vi. review the consolidation scope and, where necessary, the reasons for excluding certain companies therefrom; vii. monitor the Statutory Auditors work (where applicable, by taking into account the findings and conclusions of the French Auditors supervisory body – <i>Haut Conseil du Commissariat aux Comptes</i>), 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. <p>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.</p> | <ul style="list-style-type: none"> ■ Review of the 2019 annual (parent company and consolidated) and 2020 interim (consolidated) financial statements. ■ Review of the dividend, proposed payment for the fiscal year ended December 31, 2019 and then, in the context of the Covid-19 sanitary crisis, a proposal to cancel it and review of the dividend policy. ■ Review of press releases concerning (i) the 2019 results and the annual 2020 guidance, (ii) the results for the first half of 2020 with the new guidance for the second half of 2020 issued after taking into account the impact of the Covid-19 sanitary crisis and the update of the Ambitions 2022 plan, as well as (iii) first- and third-quarter sales, with the upward revaluation of the guidance for the second half of 2020. ■ Regular review of the Company's figures and results, including the assessment of the impact of the Covid-19 sanitary crisis on these figures and results. |

| Topics | Missions | 2020 Activity report |
|---|--|--|
| Relationship with Statutory Auditors | <ul style="list-style-type: none"> ■ The Committee manages the Statutory Auditors selection process and submits to the Board of Directors recommendations on the Statutory Auditors to be appointed or reappointed by the General Meeting, in accordance with Article 16 of Regulation (EU) No. 537-2014 dated April 16, 2014. It develops the Statutory Auditors selection principles and procedure (in particular through a call for tender, if necessary). It oversees any call for tender and approves its technical specifications and the list of firms consulted, ensuring that the 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 sales of the firms and their networks, are not likely to adversely impact the Statutory Auditors' independence under the terms of Regulation (EU) No. 537-2014 dated April 16, 2014. ■ The Committee approves the provision of non-audit services. ■ The Statutory Auditors must give a presentation to the Committee on the following: <ul style="list-style-type: none"> i. their general work program and the tests performed; ii. changes they believe should be made to the financial statements or accounting records and their observations on the measurement methods used; iii. any non-conformities or misstatements found; iv. conclusions resulting from the observations and corrections mentioned above; v. by no later than the date of presentation of the audit report, a supplementary audit report prepared pursuant to (i) Article 11 of Regulation (EU) No. 537-2014 dated April 16, 2014 and (ii) to Article L. 823-16 III of the French Code of commerce and that discloses the results of the statutory audit. <p>Every year they provide the Committee with the following:</p> <ul style="list-style-type: none"> i. a statement of independence; ii. the amount of fees paid to the network of Statutory Auditors by entities controlled by the Company or its controlling entity for non-audit services, as well as the nature of those services; iii. information related to services carried out in respect of audits directly related to their assignment as Statutory Auditors. | <ul style="list-style-type: none"> ■ Independence of the Statutory Auditors (disclosure of their declaration). ■ Presentation of the additional report from the Statutory Auditors and their fees for the 2019 fiscal year. ■ Statutory Auditors' presentation of the work carried out in 2020 and their work on closing the fiscal year. ■ Information on other services provided by the Statutory Auditors in 2019 and 2020. |

| Topics | Missions | 2020 Activity report |
|--|---|---|
| Internal control and risk management | <ul style="list-style-type: none"> ■ 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: <ol style="list-style-type: none"> 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. | <ul style="list-style-type: none"> ■ Review of the Internal Audit operations. ■ Review of the Internal Control operations. ■ Review of the compliance program and Faurecia's action plan on the fight against corruption. ■ Review of specific risks on a regular basis and review of Faurecia's risk management process. ■ Review of the risk and corporate social responsibility chapters of the 2019 Universal Registration Document (including the proposal to add a Covid-19-related risk factor). |
| Budget and planning | <ul style="list-style-type: none"> ■ 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. | <ul style="list-style-type: none"> ■ Review of the revised 2020 budget, since the initial budget had to be updated in consideration of the Covid-19 sanitary crisis, and the 2021 budget. ■ Review of forecasting results, the annual guidance for 2020, the guidance for the second half of 2020 issued after taking into account the impact of the Covid-19 sanitary crisis, the guidance for the second half of 2020 revised upwards, the 2021-2022 trajectory and the Ambitions 2022 plan updated in consideration of the Covid-19 sanitary crisis. |
| Financial position, financing and security issues | <ul style="list-style-type: none"> ■ The Committee carries out periodic reviews of the Group's financial and cash position as well as its material off-balance sheet commitments. ■ It examines and makes recommendations to the Board of Directors required for complex bond and other security issues not involving a capital increase, for share issues, or for carrying out transactions impacting the capital stock. | <ul style="list-style-type: none"> ■ Review of the performance of the Faurecia share price. ■ Review of the Group's financial and cash position, including the assessment of the impact of the Covid-19 sanitary crisis on fundings, cash levels and monitoring of covenants. ■ Review of planned bond issues, particularly with a view to refinancing the Club deal of 800 millions of euros concluded in April 2020 in consideration of the Covid-19 sanitary crisis. ■ Review of the proposed authorization to issue guarantees in connection with a loan in Germany. ■ Review of the proposed renewal of the delegation of authority granted to the Chief Executive Officer to grant sureties, endorsements and guarantees. ■ Review of PSA's and FCA's undertakings to avoid the control of the Group by Stellantis. ■ Review of proposed financial authorizations in preparation for the General Meeting of June 26, 2020. |
| Other | | <ul style="list-style-type: none"> ■ Review of the performance of the liquidity contract and proposal for its renewal, and of the increase in dedicated resources. ■ Review of the accounting impacts of the FCA/PSA merger on Faurecia (USGAAP and PCAOB). ■ Review of Faurecia's audit conclusions in connection with the filings to be made by PSA for the PSA/FCA merger project. ■ Update on the PCAOB audit in connection with the filings to be made by PSA for the PSA/FCA merger project. ■ Approval of the Charter on services other than account certification including PCAOB rules. |

3.1.4.2. Governance, Nominations and Sustainability Committee

3.1.4.2.1. COMPOSITION OF THE GOVERNANCE, NOMINATIONS AND SUSTAINABILITY COMMITTEE

The Committee is composed of at least three members and no more than five members. Members are selected from among the Board members. The Committee should not include any executive corporate officer or Board members with cross-directorships (within the meaning of Article 15.1 of the AFEP-MEDEF Code) and must have a majority of independent Board members, including the Board's Chairman.

As of the date of this Universal Registration Document, the Governance, Nominations and Sustainability Committee has four members:

- Jean-Bernard Lévy, independent Board member, Chairman;
- Penelope Herscher, independent Board member;
- Denis Mercier, independent Board member;
- Michel de Rosen, independant Board member.

Changes in the composition of the Committee between January 1, 2020 and the date of this Universal Registration Document are presented in the table in Section 3.1.2.3 "Changes in the composition of the Board of Directors and the Specialized Committees".

As the Committee is comprised of four independent Board members, including its Chairman, its composition is compliant with the AFEP-MEDEF Code.

As of February 19, 2021, this Committee has been named Governance, Nominations and Sustainability Committee. This change in the name has been decided in order to better reflect the expansion of the Committee's missions in the fields of social and environmental responsibility. These missions were added to the Committee's scope of responsibility given the essential role of sustainability in the Group's strategy, during the Committee reorganization that occurred on October 1, 2019.

3.1.4.2.2. ROLES AND RESPONSIBILITIES OF THE COMMITTEE IN 2020 AND REPORT ON ITS ACTIVITY

In 2020, the Committee met five times with an average attendance rate of 95% (see Section 3.1.3.2 "Number of meetings of the Board of Directors and of the Specialized Committees and attendance rate" which presents the average attendance rate for each member of the Governance and Nominations Committee at its meetings).

The table below describes the tasks assigned to the Committee, as well as the main points of its 2020 activity report:

| Topics | Missions | 2020 Activity report |
|-----------------------------|---|--|
| Governance structure | <ul style="list-style-type: none"> ■ Examining all issues related to the Company's governance structure, in particular the segregation or combination of the duties of the Chairman of the Board of Directors and the Chief Executive Officer, and formulation of related recommendations to the Board of Directors. ■ Ensuring that the Company complies with the laws and regulations relevant to corporate governance and the provisions of the AFEP-MEDEF Code which the Company chose to abide by, and in this respect formulating all recommendations required, as applicable, to amend the bylaws and internal rules of the Board of Directors and its committees. ■ Reviewing the issues related to the Company's governance structure submitted to it by the Chairman of the Board of Directors. ■ Formulating recommendations to the Board of Directors related to the creation, composition, tasks and operation of committees of the Board of Directors. ■ Carrying out an annual assessment of the operation of the Board of Directors and its committees and a thorough assessment at least every three years (with the potential help of a consulting firm), and formulating related recommendations to the Board of Directors. ■ Reviewing the independence status of each of the members of the Board of Directors on an annual basis (prior to the publication of the Company's Universal Registration Document). This review is also carried out when a Board member is appointed. | <ul style="list-style-type: none"> ■ Review of the internal assessment's results of the operations of the Board and its committees for 2019 and preparation of the 2020 assessment, with a specific emphasis on the impact of the Covid-19 sanitary crisis on the functioning of the Board of Directors. ■ Assessment of the Board members' independence status. ■ Review of the continued separation of positions and proposal to extend the age limit for the Chairman of the Board of Directors. |

| Topics | Missions | 2020 Activity report |
|--|--|--|
| Selection, nomination, and succession of executive and non-executive corporate officers and Board members/ Selection and succession of members of the Executive Committee | <ul style="list-style-type: none"> ■ Making recommendations to the Board of Directors regarding the appointment and reappointment of executive and non-executive corporate officers. Please note that for the latter, the Committee will take into account the following factors: the independence of the Board members, the need for the Board to have the skills and experience necessary to carry out its responsibilities, international diversity so as to reflect the Group's worldwide presence and gender balance on the Board of Directors. <p><i>In practice, the Committee begins by identifying the profile(s) sought with regard to the skills required on the Board of Directors and the Specialized Committees and the diversity policy. The process continues with the identification of candidates, carried out internally and/or with the help of an external service provider in most cases. The Committee then makes a list of preferred candidates. Following the interviews, which are carried out both by the external service provider (if applicable) and by the Chairman of the Governance, Nominations and Sustainability Committee, the Committee completes a number of tasks before submitting a proposal to the Board of Directors. After discussion, the Board may decide to co-opt the identified candidate and/or to submit its initial appointment (or the ratification of its co-option) to the General Meeting. The process described above may be adapted in the event of the appointment of a Board member if the profile is proposed by an investor. Within this framework, after verifying that the profile of the proposed candidate complies with the diversity policy, the Committee makes a recommendation to the Board, which will decide to co-opt the identified candidate and/or to submit the appointment (or the ratification of its co-option) to the General Meeting. Finally, the process of selecting and nominating Board members representing the employees is carried out in accordance with the provisions of the bylaws.</i></p> <ul style="list-style-type: none"> ■ Preparing a succession plan for the executive and non-executive corporate officers and Board members to advise the Board in particular on succession proposals in particular in the event of unforeseen vacancies. ■ Carrying out an annual review of the selection and succession plans for members of the Executive Committee. | <ul style="list-style-type: none"> ■ Proposal for renewal and appointment of Board members. The process for identifying, selecting and appointing Board members has been implemented for the co-option of Jean-Bernard Lévy, Chairman of the Board and Chief Executive Officer of EDF, as an independent Board member. ■ Composition of Committees and proposal for the reappointment of their Chairmen/Chairwomen and of a member. ■ Preparation of the succession plan meeting (including information on the succession of the Group's main senior management) followed by a review of the succession plan. Indeed, the Committee reviews each year the succession plan prepared in conjunction with Company Management (more specifically, the Chief Executive Officer and the Head of Human Resources for the part devoted to the succession of executive corporate officers), and reports back to the Board of Directors. During this process, the Committee reviews the list of talented individuals identified within the Group by name who could potentially succeed executive corporate officers and members of the Executive Committee, within a given time-frame. The Committee also reviews the Group policy implemented to identify, support and train high-potential employees and create a pool of talent. ■ Review of the emergency back-up plan and its update aimed at the emergency replacement of officers in the event of temporary incapacity. |
| Ethics and compliance | <ul style="list-style-type: none"> ■ Examining the Company's ethics and compliance policy - with respect to best governance practices. | |
| Social and environmental responsibility | <ul style="list-style-type: none"> ■ Review the priorities related to the Faurecia group's corporate and social responsibility as well as the associated goals. ■ Monitor the deployment of the corporate and social responsibility policy, commitments and initiatives taken by the Faurecia group. ■ Assessing the results recorded in terms of non-financial performance. ■ In conjunction with the Audit Committee, familiarizing itself with the risks connected to the challenges in terms of sustainable development featured in the non-financial performance declaration contained in the management report. ■ Obtaining information regarding the resources available to the Faurecia group for the implementation and continuation of its corporate and social responsibility strategy. | <ul style="list-style-type: none"> ■ Regular review of the Group's CSR approach and execution of the roadmap setting the Group's social and environmental responsibility targets, with a particular emphasis on (i) the deployment of the gender diversity program, the carbon neutrality project and hydrogen and (ii) the Group's strategy in these sectors. ■ Review of the CSR chapter of the 2019 Universal Registration Document. ■ Update on the employee satisfaction survey. |
| Other | | <ul style="list-style-type: none"> ■ Review of the governance section of the corporate governance chapter of the 2019 Universal Registration Document. ■ Examination of the draft resolutions relating to governance with a view to the General Meeting of June 26, 2020. |

3.1.4.3. Compensation Committee

3.1.4.3.1. COMPOSITION OF THE COMPENSATION COMMITTEE

The Committee is composed of at least three members and no more than five members. Members are selected from among the Board members. The Committee should not include any executive corporate officer or Board members with cross-directorships (within the meaning of Article 15.1 of the AFEP-MEDEF Code) and must have a majority of independent Board members, including the Board's Chairman.

As of the date of this Universal Registration Document, the Compensation Committee is composed of the following four members:

- Linda Hasenfratz, independent Board member, Chairwoman;
- Daniel Bernardino, Board member representing employees;
- Peter Mertens, independent Board member;
- Robert Peugeot, Board member.

The composition of the Compensation Committee remained unchanged between January 1st, 2020 and the date of this Universal Registration Document, it being specified that Linda Hasenfratz's corporate office as Chairwoman was renewed during the year (see Section 3.1.2.3 "Changes in the composition of the Board of Directors and the Specialized Committees") in 2020.

As the Committee is comprised of two independent Board members and a Board member representing employees, its composition is compliant with the AFEP-MEDEF Code. It is reminded, for information, that, in accordance with the AFEP-MEDEF Code, the Board member representing employees is not included when calculating the percentage of independent Board members sitting on Committees.

3.1.4.3.2. MISSIONS AND ACTIVITY REPORT OF THE COMPENSATION COMMITTEE IN 2020

In 2020, the Compensation Committee met four times with an average attendance rate of 100% (see Section 3.1.3.2 "Number of meetings of the Board of Directors and of the Specialized Committees and attendance rate" which presents the average attendance rate for each member of the Compensation Committee at its meetings).

The table below describes the tasks assigned to the Committee, as well as the main points of its 2020 activity report:

| Topics | Missions | 2020 Activity report |
|--|---|---|
| Compensation of executive and non-executive corporate officers | <ul style="list-style-type: none"> ■ Formulating recommendations each year to the Board of Directors related to the elements comprising the compensation paid to the non-executive corporate officer. ■ Formulating, on an annual basis, recommendations to the Board of Directors related to the fixed component and the performance-based criteria for the variable component of executive corporate officers' compensation with reference to the general compensation practices of equivalent French or foreign groups, as well as other types of compensation and benefits in kind to be awarded. ■ Formulating recommendations to the Board of Directors on the achievement of the criteria for the variable component for executive corporate officers. ■ Formulating recommendations related to the other elements comprising the compensation paid to the executive corporate officers including the pension and personal risk insurance policies, supplemental pensions, benefits in kind and other financial benefits, in particular, in the event of termination of duties. ■ Ensuring that the commitments falling under the regulated agreements procedure strictly comply with applicable regulations. | <ul style="list-style-type: none"> ■ Review of the achievement of the performance criteria applicable to the Chief Executive Officer's variable compensation for 2019. ■ Review of changes to the Chief Executive Officer's compensation policy for 2020, primarily in order to further strengthen the Company's interests, with a review of consideration for additional undertakings. ■ Review of the Chief Executive Officer's revised 2020 compensation policy, with a one-year delay in consideration for additional undertakings in the context of the Covid-19 sanitary crisis. ■ Implementation of the Chief Executive Officer's revised 2020 compensation policy, including the reduction of the fixed component of his compensation for Q2 2020 in consideration of the Covid-19 sanitary crisis and ex-post for 2019. ■ Initial review of the achievement of the objectives of the 2020 criteria attached to the variable compensation of the Chief Executive Officer, and initial review of the criteria and objectives of this compensation for 2021. ■ Review of defined-benefit pension schemes, review of the new features of the PAPP 2 and proposal included in the Chief Executive Officer's 2020 compensation policy. ■ Review of the compensation of the Chairman of the Board of Directors (2020 compensation policy, implementation for 2020 and ex post vote for 2019), including the reduction of the fixed component of his compensation for Q2 2020 in consideration of the Covid-19 sanitary crisis. |
| Board members' compensation | <ul style="list-style-type: none"> ■ Formulating annual recommendations to the Board of Directors related to the compensation paid to Board members (total amount and allocation mechanism). In addition, each year, it sets the amount of compensation owed to the Board members. | <ul style="list-style-type: none"> ■ Review of Board members' compensation (2020 compensation policy and implementation for 2020) and review of the vote on the compensation report. ■ Review of the expected compensation and the overall compensation paid to Board members for the 2020 fiscal year. |
| Long-term compensation policy (long term incentive plans) | <ul style="list-style-type: none"> ■ Discussing the general policy for awarding stock subscription or purchase options, performance shares and any other type of long-term compensation. ■ Reviewing proposed stock subscription or purchase option plans, performance share plans and any other type of long-term compensation, as well as their allocation to beneficiaries. ■ Formulating recommendations to the Board of Directors related to the award of stock subscription or purchase options, performance shares and any other type of long-term compensation to executive corporate officers and issuing opinions on the lists of other prospective beneficiaries. | <ul style="list-style-type: none"> ■ Review of performance action plan No. 12, recognition of the achievement of the performance conditions of plan No. 9 and adjustment of the objectives of the internal criteria of plan No. 11 taking into account the impact of the Covid-19 sanitary crisis. ■ Review of the Employee share ownership project (ESOP) in the context of the project of distribution of the Company's shares by Stellantis. |
| Performance and compensation of the Faurecia group's main senior executives (other than executive corporate officers) | <ul style="list-style-type: none"> ■ Be annually informed of the performance and of the compensation of the members of the Executive Committee. ■ Review, on a regular basis, the evolution of the compensation policy applicable to the Faurecia group's main senior executives (Executive Committee and Group Leadership Committee). | <ul style="list-style-type: none"> ■ Postponement of review of the compensation of the Group's main senior executives given the Covid-19 sanitary crisis. |
| Other | | <ul style="list-style-type: none"> ■ Review of the draft resolutions related to compensation in preparation for the General Meeting of June 26, 2020. ■ Review of the proposed procedure for covering expenses incurred by corporate officers. ■ Review of the compensation section of the corporate governance chapter of the 2019 Universal Registration Document. |

3.1.4.4. Ad hoc Committee

3.1.4.4.1. COMPOSITION OF THE AD HOC COMMITTEE

When determining the composition of the ad hoc Committee, the Board of Directors was particularly mindful of the independence, diversity and complementary nature of the profiles sitting on this temporary body and to ensure that an employee representative was appointed. Taking these objectives into account, the Board of Directors, on the recommendation of the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee), decided on the following composition at its meeting of December 18, 2019:

- Michel de Rosen, independent Board member, Chairman;
- Daniel Bernardino, Board member representing employees;
- Odile Desforges, independent Board member;

- Penelope Herscher, independent Board member;
- Valérie Landon, independent Board member.

This composition has remained unchanged as of the date of this Universal Registration Document.

Therefore, the ad hoc Committee has four independent Board members as well as one Board member representing employees. It has no Board member with links to PSA, which constituted a guarantee against potential conflicts of interest related to the proposed distribution of the Company's shares by Stellantis (a company resulting from the PSA/FCA merger) to its shareholders, and enabled the Committee to fully carry out its mission as advisor to the Board of Directors.

3.1.4.4.2. ROLES AND RESPONSIBILITIES OF THE AD HOC COMMITTEE IN 2020 AND REPORT ON ITS ACTIVITY

In 2020, the ad hoc Committee met twice with an attendance rate of 100% (see Section 3.1.3.2 "Number of meetings of the Board of Directors and of the Specialized Committees and attendance rate" which presents the attendance rate for each Committee member).

The table below describes the tasks assigned to the Committee, as well as the main points of its 2020 activity report:

| Topics | Missions | 2020 Activity report |
|---|---|--|
| Governance and shareholding structure for distribution | <ul style="list-style-type: none"> ■ Discuss topics related to governance and the post-distribution shareholding structure. ■ Initiate dialog with future major shareholders. | <ul style="list-style-type: none"> ■ Review of the PSA/FCA merger timetable along with the project of distribution of the Faurecia shares, including the consequences of the change in the distribution's structure (from pre-merger to post-merger) and the review of PSA's and FCA's undertakings to ensure that Stellantis does not acquire control of the Group. ■ Analysis of Faurecia's shareholding structure and its future development outlook. ■ Review of governance development outlook. ■ Review of the impact of distribution on shares, and measures to mitigate flowback. ■ Review of the analysis of distribution risks and opportunities. ■ Review of the communication plan for the distribution project. |

3.1.5. Assessment of the Board of Directors and Specialized Committees

In order to assess its capacity to meet the expectations of the shareholders, the Board of Directors carries out each year a formalized assessment of its composition, organization and running of the Board of Directors and its specialized committees. Every three years, this assessment is carried out with the assistance of an external service provider.

As the most recent external assessment was completed in relation to the 2018 fiscal year, the assessment of the Board of Directors for the 2020 fiscal year was carried out in-house, on the basis of a detailed questionnaire prepared by the Secretary of the Board of Directors and reviewed with the Chairman of the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee), then validated by the Board of Directors, further to recommendations made by the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee).

This questionnaire covers in particular the operations, structure, governance, composition, and missions of the Board and its Specialized Committees, and also conditions for organizing and holding meetings, the information provided to Board members, the subjects discussed, the contribution made by Board members (it being stipulated that a detailed and in-depth analysis of this point is carried out via the external assessment), the quality of the discussions and the implementation of the recommendations made in the previous assessment. This year, there has been a focus on two specific topics, with the addition of targeted questions: (i) the organization and operation of the Board of Directors and the Specialized Committees during the Covid-19 sanitary crisis and (ii) the monitoring of the proposed distribution of the Company's shares by Stellantis (a company resulting from the PSA/FCA merger) to its shareholders.

The questionnaire was sent to the Board members and their replies were summarized by the Secretary of the Board of Directors. The summary of the assessment was examined by the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee) on February 18, 2021 before being presented and discussed at the meeting of the Board of Directors on February 19, 2021.

It results firstly from this assessment that Board members unanimously consider that the organization and means of communication implemented during the Covid-19 sanitary crisis enable the Board to continue its work and the Board members to be perfectly informed on the impact of this crisis on the Group.

This assessment also shows that the Board members are, generally speaking, very satisfied with the organization and operation of the Board of Directors and its committees thanks to governance which is tailored to the needs of the Company, the quality of the relations and exchanges between the Chairman of the Board, the Chief Executive Officer and the Board members as well as to the composition of the management bodies, which enable the challenges being faced by the automotive industry to be fully understood.

The principal findings of this exercise were as follows:

- the main improvement measures identified by the Board of Directors during its last assessment were implemented in 2020, including: (i) the appointment of a new experienced Board member, to chair the Governance, Nomination and Sustainability Committee, was fulfilled with the recent co-option of Jean-Bernard Lévy; (ii) the number of executive sessions (meetings not attended by Group Executive Management) increased significantly; (iii) exchanges with operational management team was strengthened; (iv) a specific session on FCE's activities, last Business Group created (with a site visit) was organized; (v) a review of the Board members' compensation was launched in order to ensure that the Board of Directors remains attractive, in particular with respect to foreign Board members. This review was put on hold due to the Covid-19 sanitary crisis.
- The areas for improvement identified and to be continued are notably the following:
 - in terms of information, continue to improve the legibility of the documentation and add detail to the review of the strategic subjects via theme-based analysis (structural changes to the industry, competition and M&A). Regarding strategic meetings, topics should be more oriented on matters listed above, presentations should be shorter and exchanges should be developed,
 - in terms of organization of the work of the Board of Directors, strengthen exchanges between key operational managers and the Board of Directors, and systematize the holding of executive sessions at the beginning of Board meetings,
 - In terms of composition of the Board of Directors, continue reflections on its evolution, in particular in the context of the distribution of the Company's shares by Stellantis to its shareholders and the diversity policy. Topics related to the accurate size of the Board or the profiles and experience of Board members must continue to receive specific attention from the Board.

3.2. Operational management of the Group

Other than Executive Management, the details of which are set out in Section 3.1.2.4 "Governance structure and shareholder dialog" the Group also has an Executive Committee and is also supported by the Group Leadership Committee. The diversity policy within the management bodies is described in Chapter 4 "Extra Financial Performance", Section 4.2.6 "Promotion of diversity" of this Universal Registration Document.

3.2.1. Executive Committee

The Faurecia group's Executive Management is provided, under the responsibility of the Chief Executive Officer, by an Executive Committee which meets at least once a month to review the Group's results and deliberate on general Group issues, or as often as the interests of the Company require. In this respect, in the context of the Covid-19 sanitary crisis, the Executive Committee moved into crisis management mode and held daily meetings during the first wave of the pandemic and on a regular basis since then.

As of December 31, 2020 and the date of this Universal Registration Document, the composition of the Executive Committee is as follows:

Patrick KOLLER
Chief Executive Officer (CEO)

Yann BRILLAT-SAVARIN
Executive Vice President, Strategy

Nolwenn DELAUNAY
Executive Vice President, Group General Counsel and Board Secretary

Michel FAVRE
Executive Vice President, Group Chief Financial Officer

Jean-Paul MICHEL
Executive Vice President, Faurecia Clarion Electronics

Mathias MIEDREICH
Executive Vice President, Faurecia Clean Mobility

Thorsten MUSCHAL
Executive Vice President,
Sales and Program Management

Kate PHILIPPS
Executive Vice President, Communication

Patrick POPP
Executive Vice President, Faurecia Interiors

Christophe SCHMITT
Executive Vice President, Group Operations and North America

Jean-Pierre SOUNILLAC
Executive Vice President, Human Resources

Eelco SPOELDER
Executive Vice President, Faurecia Seating

François TARDIF
Executive Vice President, Faurecia China

Hagen WIESNER
Executive Vice President, SAS Interior Modules

The table below presents key figures on the composition of the Executive Committee as of December 31, 2020:

| | | |
|-------------------------------|--------------------------|------------------------|
| 50% | 14% | 54 |
| non French | females | years average age |
| 12 | 6 | 7 |
| years average Group seniority | business and region EVPS | support functions EVPS |

3.2.2. Group Leadership Committee

Each of the four Business Groups is organized into geographic divisions (Europe, divided when appropriate into North and South Europe, North America, South America, and Asia or China) which manage operations in their region and also coordinate operations with customers headquartered in their region.

The four Business Groups also have a central staff that handles the main operational functions (sales and marketing, programs, manufacturing support, purchasing, quality, human resources and finance). These functions are also managed within the geographic divisions by equivalent teams. Additionally, some specialized areas are managed by

worldwide product lines within the four businesses, such as seat mechanisms, acoustic treatments and decorative interior trims.

Faurecia's Group Leadership Committee consists of all of the aforementioned management teams along with the Executive Committee and the senior headquarters managers of the manufacturing and quality staff and from the Human Resources, Finance and Legal departments.

As of December 31, 2020, Faurecia's Group Leadership Committee had 277 members. This is Faurecia's operational management, responsible for the Company's operations, growth and performance.

3.3. Compensation of corporate officers

3.3.1. Compensation of executive and non-executive corporate officers for fiscal years 2019 and 2020

The Board of Directors, further to a proposal from the Compensation Committee, sets the compensation for executive and non-executive corporate officers in accordance with the applicable legal provisions and the compensation policy.

3.3.1.1. Compensation payable to the Chairman of the Board of Directors

3.3.1.1.1. 2020 COMPENSATION POLICY

The compensation policy setting the structure as well as the principles and criteria defined in order to determine the compensation and all benefits granted to the Chairman of the Board of Directors for the fiscal year ended December 31, 2020, which received 99.99% approval at the Company's General Meeting held on June 26, 2020 pursuant to the fifteenth resolution, is set out in Section 3.3.4.1. of the Company's 2019 Universal Registration Document "Compensation policy for corporate officers", and more specifically in Section 3.3.4.1.2. "Compensation policy for the Chairman of the Board of Directors".

It should be noted that, in a summarized form, as in previous years, the 2020 compensation policy for the Chairman of the Board of Directors provided for fixed compensation, benefits in kinds and social protection schemes.

The implementation of the compensation policy, as described below, complies with the compensation policy approved by the shareholders. It reflects the willingness of the Company to put in place a compensation system that is simple, stable, and compliant with market practices as presented to the shareholders. The total compensation paid to the Chairman of the Board of Directors, which integrates these principles, achieves these objectives.

3.3.1.1.2. COMPENSATION AWARDED OR PAID FOR/DURING FISCAL YEAR 2020

3.3.1.1.2.1. Fixed annual compensation

On February 14, 2020, the Board of Directors resolved to maintain the fixed annual compensation paid to the Chairman of the Board of Directors at €300,000. This has remained unchanged since 2017.

It is recalled that in the context of the Covid-19 sanitary crisis, and as a personal contribution of the Chairman to the many

acts of solidarity of the Group's employees, monthly payments for his fixed compensation were reduced by 20% for the entire second quarter of 2020.

As a result, the amount of the fixed annual compensation of the Chairman of the Board of Directors (excluding benefits in kind and social protection) amounted to €251,940 for fiscal year 2020. This amount was paid in full in 2020.

3.3.1.1.2.2. Benefits in kind and social protection schemes

In addition to the provision of a personal assistant for activities other than those related to the chairmanship of Faurecia for an amount valued at €34,800, which is included in the above-mentioned €300,000 ceiling, the Chairman of the Board of Directors was provided with a company car. This benefit in kind is valued at €4,982.

The total amount of benefits in kind is valued at €39,782.

It is finally specified that the Company paid €4,506 in consideration of the supplementary health/life/disability pension scheme.

3.3.1.1.2.3. Other components of compensation

With the exception of the components described above, the Chairman of the Board of Directors did not receive any other compensation (including compensation for his duties as Board member), including by a company comprised in the scope of consolidation with the meaning of article L.233-16 of the French Code of commerce.

3.3.1.1.3. COMPENSATION PAID DURING FISCAL YEARS 2019 AND 2020 OR AWARDED FOR THE SAME FISCAL YEARS

The tables below present the compensation and benefits paid during fiscal years 2019 and 2020 or awarded on the basis of these fiscal years to the Chairman of the Board of Directors.

It is stipulated that, since the Chairman of the Board of Directors receives only fixed compensation as well as benefits in kind and has social protection schemes, to the exclusion of any other compensation, tables No. 4, No. 5, No. 6, and No. 7 provided by the AFEP-MEDEF Code and AMF recommendation No. 2021-02 are not applicable. The same applies to table No. 10 provided for by the AFEP-MEDEF Code.

SUMMARY OF COMPENSATION, OPTIONS AND SHARES GRANTED TO MICHEL DE ROSEN

Table No. 1 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

| (in €) | Fiscal year 2019 | Fiscal year 2020 |
|--|-------------------|------------------|
| Compensation awarded for the fiscal year (see table 2) | 309,899.74 | 296,228 |
| Value of stock options granted during the fiscal year | - | - |
| Value of performance shares granted during the year | - | - |
| Value of other long-term compensation plans | - | - |
| TOTAL | 309,899.74 | 296,228 |

SUMMARY OF COMPENSATION PAYABLE TO MICHEL DE ROSEN

Table No. 2 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

| (gross in €) | Fiscal year 2019 | | Fiscal year 2020 | |
|--|-------------------|-------------------|------------------------|------------------------|
| | Amount granted | Amount paid | Amount granted | Amount paid |
| Fixed compensation | 275,253.34 | 275,253.34 | 251,940 ⁽¹⁾ | 251,940 ⁽¹⁾ |
| Annual variable compensation | - | - | - | - |
| Multi-annual variable compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Compensation awarded for Board members | - | - | - | - |
| Benefits in kind ⁽²⁾ | 34,646.40 | 34,646.40 | 44,288 | 44,288 |
| TOTAL | 309,899.74 | 309,899.74 | 296,228 | 296,228 |

(1) This amount takes into account the 20% reduction off the monthly payments for the fixed compensation made during the entire second quarter 2020, in accordance with the Chairman of the Board of Directors' commitments in consideration of the Covid-19 sanitary crisis.

(2) This figure also includes social protection schemes (€5,014 in respect of fiscal year 2019 and €4,506 in respect of fiscal year 2020).

Table No. 11 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

| | Employment contract | | Supplementary pension scheme | | Compensation or benefits due or that may be due on termination or change in position | | Compensation due under a non-competition clause | |
|---|---------------------|----|------------------------------|----|--|----|---|----|
| | Yes | No | Yes | No | Yes | No | Yes | No |
| Name: Michel de ROSEN | | No | | No | | No | | No |
| Position: Chairman of the Board of Directors since May 30, 2017 | | | | | | | | |
| Corporate office end date: 2024 GM | | | | | | | | |

3.3.1.2. Compensation of the Chief Executive Officer

3.3.1.2.1. 2020 COMPENSATION POLICY

The compensation policy setting the structure as well as the principles and criteria defined in order to determine the compensation and all benefits granted to the Chief Executive Officer for the fiscal year ended December 31, 2020, which received 96.69% approval at the Company's General Meeting held on June 26, 2020 pursuant to the sixteenth resolution, is set out in Section 3.3.4.1 of the Company's Universal Registration Document, "Compensation policy for corporate officers", and more specifically in Section 3.3.4.1.3. "Compensation policy for the Chief Executive Officer".

It should be noted that the Chief Executive Officer's compensation policy for 2020 had been the subject of an in-depth review and had been amended to further protect the interests of the Company, in particular by introducing additional undertakings for the Chief Executive Officer.

The compensation policy for the Chief Executive Officer for 2020 therefore provides for the following:

- a fixed annual compensation;
- short-term variable compensation, subject to performance conditions and representing up to a maximum of 180% of the fixed annual compensation;

- an allocation of free shares subject to presence and performance conditions;
- termination payment;
- a non-compete indemnity;
- a notice period and a non-poaching/non-solicitation commitment;
- additional defined contributions and benefits pension schemes;
- benefits in kind and social protection schemes.

The implementation of the compensation policy reflects the the Company's will to elaborate a compensation system which is legible, competitive and that predominantly includes clear and precise performance criteria relating to the implementation of the strategy, the fulfillment of which is beneficial to all stakeholders. The total compensation of the Chief Executive Officer, which incorporates these principles including within each component of compensation, meets these objectives.

3.3.1.2.2. COMPENSATION AWARDED OR PAID FOR/DURING FISCAL YEAR 2020

2020 CEO Compensation

| Fixed annual compensation | Short term annual variable compensation | Long-term variable compensation | Other components (under the policy) |
|---|--|---|--|
| <p>Policy</p> <ul style="list-style-type: none"> • €1,000,000 as of July 2020 • In the context of the Covid-19 sanitary crisis: increased compensation postponed to 2021 (€900,000 maintained in 2020) + reduction of 20% over Q2 <p>Implementation: €855,000</p> | <p>Policy</p> <ul style="list-style-type: none"> • 0-180% of the fixed annual compensation • Subject to the achievement of: <ul style="list-style-type: none"> • Quantifiable criteria (operating income and net cash flow) - from 0% to 150% of the fixed annual compensation • Qualitative criterion (incl. CSR) – from 0% to 30% of the fixed annual compensation <p>Implementation: €270,000,</p> <p>including:</p> <ul style="list-style-type: none"> • Quantifiables: €0 • Qualitative: €270,000 | <p>Policy</p> <ul style="list-style-type: none"> • 250% of the fixed annual compensation (performance shares) • In the context of the Covid-19 sanitary crisis: cap increase postponed to 2021 (180% cap maintained in 2020) • Subject to the achievement of internal conditions (net income (after tax) + gender diversity) and external condition (EPS growth vs benchmark) <p>Implementation: 180% of the fixed annual compensation</p> | <ul style="list-style-type: none"> • Severance payment (24 months)* • 12-month non-compete covenant in case of resignation, with a 6-month indemnity* • 6-month prior notice in case of resignation • 12-month non-solicitation covenant • Defined benefits pension plans (no rights acquired in 2020) • Benefits in kind and social protection (€22,315 paid) |
| SHORT-TERM | | LONG-TERM | |

* No payments in 2020

The 2020 fiscal year was affected by the Covid-19 pandemic historical crisis. The automotive sector, as well as most industrial sectors, was very deeply impacted by this crisis, especially during the first semester of 2020. The Chief Executive Officer's compensation for 2020, of which a significant part depends on the Group's performance, reflects the gravity of this crisis. The overall level of remuneration attributed for the 2020 fiscal year is indeed, as a consequence of this situation, significantly lower than the amount attributed in the course of the 2019 fiscal year.

The Board of Directors did not wish to make changes or adjustments in the compensation policy for 2020 in consideration of the Covid-19 sanitary crisis, when implemented, so that the Chief Executive Officer's remuneration also reflects the impact of the crisis as for all stakeholders and in particular on the Group's shareholders and employees.

3.3.1.2.2.1. Fixed annual compensation

On the recommendation of the Compensation Committee, the Board of Directors on February 14, 2020, decided, subject to the approval of the 2020 compensation policy, to increase as of July 1, 2020 the fixed annual compensation of the Chief Executive Officer from €900,000 to €1,000,000, which represents a raise of roughly 11%. The components taken into account by the Board of Directors to set this raise are described in details in the compensation policy for 2020. They included:

- taking into account the context of potential changes in the Company's shareholding structure linked to the project of distribution of the Company's shares by PSA (now Stellantis) to its shareholders and the strengthening of the structure as well as the components of the Chief Executive Officer's compensation in order to build loyalty and ensure the stability of governance during this key period for the Group;
- the continued transformation of the Group's activities focused on Sustainable Mobility and the Cockpit of the Future, with an evolution of the Group's scope and the addition of a new business line;
- the solid operational performances achieved in 2019 in a complex and uncertain economic environment;
- the review of a comparative study prepared for Europe by external consultants on the basis of a group of comparable industrial companies in terms of sales, capitalization and headcount. The amount set is in line with the result of this European comparative study ⁽¹⁾.

However, it is specified that given the extremely difficult context of the Covid-19 sanitary crisis and the drastic measures taken by the Group in terms of cash flow, strict cost control and investments throughout the activity slowdown, the

Chief Executive Officer expressed his desire to participate in the efforts requested from all the Group's stakeholders and thus had informed the Board of Directors of his decision to waive the increase in his fixed compensation for 2020, which will only become applicable in 2021. It is also reminded that, as a personal contribution to the many acts of solidarity of the Group's employees, monthly payments for his fixed compensation were reduced by 20% for the entire second quarter of 2020.

As a result, the fixed annual compensation of the Chief Executive Officer amounted to €855,000 for the 2020 fiscal year. This amount was fully paid in 2020.

3.3.1.2.2.2. Annual variable compensation

On the recommendation of the Compensation Committee, the Board of Directors has set the procedures for determining the variable compensation of the Chief Executive Officer for 2020, in accordance with the terms of the 2020 compensation policy, as follows:

- the variable compensation ranges from 0% to 180% of the Chief Executive Officer's fixed annual compensation based on quantifiable and qualitative criteria;
- the quantifiable criteria grant entitlement to variable compensation ranging from 0% to 150% of the fixed annual compensation (80% at target). As indicated in the compensation policy, these criteria are operating income (40%) and net cash flow (60%), the targets for which are set with reference to the annual budget;
- the qualitative criteria grant entitlement to variable compensation ranging from 0% to 30% of the fixed annual compensation (20% at target). It should be noted that these criteria, as well as their number, are not set in the compensation policy and were determined by the Board of Directors, on the recommendation of the Compensation Committee, as part of the implementation of the compensation policy. These are the following criteria:
 - implement the strategy (60%). This criteria is assessed mainly with regard to the growth of the order book, and in particular that of New Value Spaces, and the monitoring of social and environmental responsibility convictions, and more specifically carbon neutrality and the deployment of the diversity project,
 - ensure, under good conditions, the transition towards a change in the Company's shareholder base, from a controlled company to a company with a significant free float capital (40%), assessed mainly with regard to (i) identification and creation of a new shareholder base, (ii) the management of the impacts related to such a shareholder transition, and (iii) the quality of communication with the financial community.

(1) The European Comparative Study includes 14 European industrial companies whose sales and capitalization are similar, and which are suppliers to the automotive, defense or aerospace industry or one in the steel sector.

However, on the recommendation of the Compensation Committee, and while setting the 2020 qualitative criteria, the Board of Directors considered that should the distribution of the Company's shares by PSA (Stellantis) not be completed in 2020, the entire qualitative component would be assessed solely on the basis of the criterion linked to the execution of the strategy. Since the distribution of Faurecia shares by PSA (Stellantis) did not occur during 2020, the Board of Directors

assessed the entire qualitative portion with regard to the criterion relating to the execution of the strategy.

The table below summarizes the results of the analysis carried out by the Board of Directors, on February 19, 2021, on the recommendation of the Compensation Committee, and assesses the levels of achievement of the quantifiable and qualitative criteria targets set in respect of the annual variable remuneration for the fiscal year ended December 31, 2020.

| Relative weight of each performance criterion | Minimum ⁽¹⁾ | Target objective ⁽¹⁾ | Maximum ⁽¹⁾ | Achievement level | Amount in cash (€) | Assessment |
|--|------------------------|---------------------------------|------------------------|-------------------|--------------------|--|
| Quantifiable (distribution of criteria on a 100% basis): from 0% to 150% of fixed annual compensation | | | | | | |
| Operating income (40%) | 0% | 100% | 150% | 0% (not achieved) | 0 | Impact of the sanitary crisis that made the targets set by reference to the 2020 budget unreachable (see detailed explanation above) |
| Net cash flow (60%) | 0% | 100% | 150% | 0% (not achieved) | 0 | |
| TOTAL QUANTIFIABLE | - | - | - | 0% | 0 | |
| Qualitative: 0% to 30% of fixed annual compensation | | | | | | |
| Strategy execution (100%) | 0% | 100% | 150% | 150% | 270,000 | Criteria fully met (see detailed explanation below) |
| TOTAL QUALITATIVE | - | - | - | 150% | 270,000 | |
| TOTAL | - | - | - | - | 270,000 | - |

(1) The quantified amount of the objectives of the quantifiable criteria are not made public for confidentiality reasons.

Detailed explanations regarding the assessment of quantifiable and qualitative criteria :

- **Quantifiable criteria** : the quantifiable criteria targets were not met due to the significant impact of the Covid-19 sanitary crisis on the industry, and more specifically on the automotive sector. The unprecedented drop in volume of around 17% in fiscal year 2020, of which 34% in the first half of 2020, brought the automotive industry back to an historically low level of 70.5 millions vehicles that had not been seen since 2010, which automatically led to a significant decrease in the Group's sales, operating income level and net cash flow. In this context, the assumptions of the 2020 budget appeared to be obsolete, out of step with the new economic reality of the Covid-19 crisis, thus making the operating income and net cash flow targets, set using the 2020 budget as a reference, unreachable. In consideration of this exceptional situation and in strict accordance with the compensation policy, no remuneration was attributed in 2020 for the achievement of quantifiable criteria. It is reminded, for information purpose, that the achievement of these criteria amounted to 120,6% in 2019 and resulted in the attribution of €1,085,400.
- **Qualitative criteria** : it was in particular acknowledged in order to consider that this criteria was fulfilled at its maximum level that (i) despite the Covid-19 sanitary crisis, 2020 was a record year in terms of orders with 26 billion euros, which exceeds the €25,3 billions recorded during the 2019 fiscal year, (ii) despite the Covid-19 sanitary crisis, the New Values Spaces orders, allowing the Group to obtain a higher margin, keep increasing and represent

21.7% of the total orders (compared to 17% in 2019), and (iii) regarding CSR, in relation with the monitoring of the Group's Convictions (Group's commitments in the field of sustainability based on six convictions for a more responsible world), carbon neutrality and the deployment of the diversity project continued. Concerning the carbon neutrality goal, it was first noticed that (i) the roadmap, which sets ambitious objectives, has been issued and its objectives have been approved by the Science Based Targets initiative and that (ii) the carbon neutrality action plan, based on two pillars (use less, use better), was launched. Finally, concerning the deployment of the diversity project, despite the Covid-19 sanitary crisis, (i) the organization was strengthened with the nomination of a Director in charge of diversity and talents, (ii) female leadership development and mentoring programs were started, (iii) the high potential women recruiting program was relaunched (33% of women were hired amongst the recruitments carried out in 2020 in the Group executive population) and (iv) a particular emphasis was made on communication to promote diversity, both within the Group and beyond.

After acknowledgment by the Board of Directors at a meeting held on February 19, 2021 of the achievement of the annual variable compensation criteria for fiscal year 2020, the total amount of annual variable remuneration was set at €270,000, compared to €1,302,480 for fiscal year 2019. The weighting in terms of fixed and annual variable compensation is, in consideration of this figure and in the context of the Covid-19 sanitary crisis, the following: 76% for the fixed annual compensation and 24% for the variable annual compensation.

In accordance with the provisions of Article L. 22-10-34 of the French Code of commerce, the variable compensation for the fiscal year ended December 31, 2020 shall be paid only once the shareholders, in a meeting to be held on May 31, 2021, have approved the components of compensation paid during the course of fiscal year 2020 or awarded in respect of this fiscal year to Patrick Koller, Chief Executive Officer.

It is also acknowledged that the payment of Patrick Koller's annual variable compensation for fiscal year 2019, which amounted to €1,302,480 was, in accordance with the law, subject to a favorable vote at the General Meeting of June 26, 2020 on the components of compensation paid or awarded in respect of fiscal year 2019 (thirteenth resolution). Since the vote in favor of this resolution was 96.47%, the payment of Patrick Koller's annual variable compensation for fiscal year 2019 was made after this General Meeting.

3.3.1.2.2.3. Performance shares

Plan No.10 granted in 2018

It is recalled that, at a meeting held on July 19, 2018, the Board of Directors, on recommendation from the Management Committee (previous name of the Committee in charge of compensation), resolved to grant a maximum of 543,760 performance shares, including 27,000 to Patrick Koller. In addition to a condition of presence, this grant is subject to (i) an external condition of net earnings per share assessed between the fiscal year 2017 and fiscal year 2020, weighting 40%, and (ii) an internal condition related to the Group net income (after tax) as of December 31, 2020, weighting 60%.

At a meeting held on February 19, 2021, the Board of Directors, on a recommendation from the Compensation Committee, stated that the internal condition quantitative targets were not met as of December 31, 2020 (please refer to the paragraph dealing with the impact of the crisis on the Group net income in the Section related to plan No.11 hereafter). Despite this exceptional situation, resulting directly from the impact of the Covid-19 sanitary crisis, the Board of Directors, at a meeting held on October 22, 2020, decided not to adjust the numerical targets set for the internal condition of Plan No.10. As a consequence, no performance share will be granted under this condition which weights 60% of the grant.

The completion of the external condition related to the net earnings per share of Plan No.10 will be assessed by the Board of Directors at its meeting reviewing the sales revenue of the first quarter of 2021.

Plan No.11 granted in 2019

It is recalled that, at a meeting held on October 9, 2019, the Board of Directors, on a recommendation from the Compensation Committee, resolved to grant a maximum of 1,147,260 performance shares, including 56,220 to Patrick Koller. In addition to a condition of presence, this grant is subject to (i) an external condition of net earnings per share assessed between fiscal year 2018 and fiscal year 2021, weighting 30%, (ii) an internal condition related to the Group net income (after tax) as of December 31, 2021, weighting 60% and (iii) a CSR internal condition related to gender diversity within the "managers and professionals" category (Group's executives) weighting 10%. The Board of Directors set numerical targets to be met in order to validate each one of these internal conditions.

The Covid-19 sanitary crisis had a significant impact on most industrial sectors, in particular on the automotive sector, and on the Group, thus making the internal condition numerical targets linked to the Group net income along with the CSR internal condition targets unreachable in 2021. In this context, at a meeting held on October 22, 2020, on a recommendation of the Compensation Committee, the Board of Directors resolved, without modifying the performance conditions and their respective weighting, to make an adjustment to the numerical targets of plan No. 11 internal conditions, to reflect the new economic and market data on numerical targets while keeping the same achievement targets curve:

- regarding the net income, the adjustment of numerical targets mechanically takes into account, the revised forecasts of vehicles volumes in 2021 compared with the hypothesis forecasted in the strategic plan, which have a direct impact on the Group worldwide level of sales, and thus automatically, on the net income; the adjustment is in line with the Group trajectory in term of sales as well as the operating margin, and as a consequence of the 2021 net income, to reach the 2022 Ambitions, as revised, and recently communicated by the Group;
- regarding the gender diversity, if the level of female recruitments remained in line with the requirements set (33% of women were hired amongst the recruitments carried out in 2020 in the Group executive population), the feminization target of the Group executive population was mechanically reduced due to the significant reduction of external recruitments in 2020, which prevented from fully implementing the gender equality plan as initially planned.

This mechanic adjustment aims at rewarding the efforts and involvement of plan beneficiaries in the context of the sanitary crisis and to foster their motivation on the forthcoming fiscal year, while increasing their loyalty during a key period for the Group. This adjustment applies to all attribution beneficiaries (including the Chief Executive Officer), c. 275 persons. Furthermore, the performance conditions and their respective weight have not been modified, so that the interests of the shareholders are always in line with those of the beneficiaries.

Plan 12 granted in 2020

At a meeting held on October 22, 2020, the Board of Directors, on a recommendation from the Compensation Committee, resolved, on the basis of the twenty-third resolution of the General Meeting of June 26, 2020, to grant a maximum of

61,140 performance shares (i.e. 0.04% of the capital stock as at December 31, 2020) to Patrick Koller.

Valuation of the grant, according to the standards used for the consolidated financial statements, amounts to €1,619,713, i.e. 180% of the reference fixed compensation.

The internal and external conditions and the targets are presented in the table below:

| Relative weight of each performance criterion | Min. ⁽²⁾ | Target objective ⁽²⁾ | Max. ⁽²⁾ | Achievement level | Number of shares corresponding to the level of achievement | Assessment |
|--|--|--|---|-------------------|--|------------|
| <u>Internal condition:</u> Group net income after tax (excluding exceptional tax credits) for the fiscal year ended on December 31, 2022, before taking into account capital gains on asset disposals and changes in scope, such as decided by the Board of Directors (" Net income 2022 "), assessed against the same income anticipated for the same fiscal year by the Group's strategic plan, (" SP Net Income ") <u>Weighting:</u> 60% | Net Income 2022 = 90% of the SP Net Income target | Net Income 2022 = SP Net Income target | Net income for 2022 ≥ 110% of the SP Net Income target. | - | - | - |
| <u>Internal condition:</u> Gender balance (% of women) in the Group's "managers and professionals" category at December 31, 2022 compared to the objectives set by the Board of Directors. <u>Weighting:</u> 10% | -1 point | 100% of the target | ≥ +2 points | - | - | - |
| <u>External condition:</u> Level of growth in Faurecia's net earnings per share between fiscal year 2019 and fiscal year 2022 (" Faurecia EPS "), assessed against the weighted growth of a reference group comprised of 12 comparable international automotive suppliers ⁽²⁾ (" Benchmark EPS "). <u>Weighting:</u> 30% | <u>Hypothesis 1:</u> <u>Benchmark EPS</u> ≤ -20% (therefore negative) Faurecia EPS = 125% Benchmark EPS | <u>Hypothesis 1:</u> <u>Benchmark EPS</u> ≤ -20% (therefore negative)/ <u>Hypothesis 2:</u> <u>Benchmark EPS</u> < +20%/ <u>Hypothesis 3:</u> <u>Benchmark EPS</u> ≥ +20% Faurecia EPS = Reference EPS | <u>Hypothesis 1:</u> <u>Benchmark EPS</u> ≤ -20% (therefore negative) Faurecia EPS ≥ 75% Benchmark EPS <u>Hypothesis 2:</u> <u>Benchmark EPS</u> < +20% Faurecia EPS ≥ Benchmark EPS +5% <u>Hypothesis 3:</u> <u>Benchmark EPS</u> ≥ +20% Faurecia EPS ≥ 125% Benchmark EPS | - | - | - |

(1) The numerical targets of the internal conditions (and more specifically those of the internal condition linked to net income) are not made public for confidentiality reasons.

(2) The reference group is composed of the following European and North American automotive suppliers: Adient (Ireland/USA), Aptiv (formerly Delphi) (USA), Autoliv (Sweden), Autoneum (Switzerland), Borg Warner (USA), Continental (Germany), Hella (United Kingdom), Lear (USA), Magna (Canada), Plastic Omnium (France), Tenneco (USA), Valeo (France).

An attendance condition (subject to standard exceptions) applies to all beneficiaries including the Chief Executive Officer. The vesting is completed after a four-year vesting period, it being stipulated that no holding period is stipulated by the plan.

The Chief Executive Officer must retain, in registered form and while he continues to hold office, at least 30% of all shares actually acquired under each plan. This threshold requirement ceases to apply when the Chief Executive Officer holds a number of shares corresponding to three years of base gross compensation, factoring in all the previously established plans, and becomes applicable again if the Chief Executive Officer no longer holds the number of target shares corresponding to this level of base gross compensation.

In accordance with the AFEP-MEDEF Code, Patrick Koller has made a formal commitment not to use any risk hedging transactions on the performance shares granted to him.

Plan 8 granted in 2016- Delivery of performance shares in 2020

It is reminded that the Board of Directors, at a meeting held on July 25, 2016, upon recommendation of the Management Committee (previous name of the Committee in charge of compensation), resolved to grant a maximum of 989,945 performance shares, including 55,095 to Patrick Koller.

After (i) noticing that the overall performance conditions were achieved at a 108% rate (including 93% out of a maximum of 125% for the internal condition linked to the Group net income (after tax) as of December 31, 2019, with a 60% weighting and 130% maximum percentage, for the external condition linked to the net earnings per share, with a 40% weighting) and (ii) the presence of the Chief Executive Officer at the end of the acquisition period; 45,771 performance shares (out of a maximum of 55,095 shares) were delivered to him on July 25, 2020.

These shares are subject to the mandatory holding requirements in accordance with the modalities set forth in Section "Plan 12 allocated in 2020" above.

3.3.1.2.2.4. Pension schemes

The Chief Executive Officer benefits from the same pension scheme as the one provided for the other members of the Group's Executive Committee with a French contract. This plan includes a supplementary defined contributions pension scheme and a supplementary defined benefits pension scheme. This supplementary defined benefits pension scheme is subject to performance conditions.

In order to comply with Law No. 2019-486 of May 22, 2019 and Order No. 2019-687 of July 3, 2019 transposing the directive on pension rights' portability, the defined benefits pension schemes, subject to a condition of presence in the Company's workforce at the time of the settlement of pension rights, were closed as of July 4, 2019 and the rights of potential beneficiaries were frozen as of December 31, 2019.

Given the freeze of rights on December 31, 2019, the Chief Executive Officer may no longer acquire additional rights under the defined benefit plans with potential rights as from January 1, 2020. On the other hand, the potential rights acquired prior to this date are maintained and, subject that he ends his career within the Group, the Chief Executive Officer may receive a pension under these plans for the periods of activity prior to January 1, 2020.

Following the freezing of past potential rights under defined benefits pension schemes governed by Article L. 137-11 of the French Social Security Code, Faurecia implemented a vested rights supplementary pension scheme for rights relating to periods of employment after December 31, 2019 that complies with the new legal requirements set out in Article L. 137-11-2 of the French Social Security Code.

3 Corporate governance

Compensation of corporate officers

The main features of the plans for the Chief Executive Officer are described in the summary table below:

| | Defined contribution pension scheme | Defined benefit plan (frozen – all tranche C executives) | Specific supplementary pension scheme (frozen – members of the Executive Committee (France)) | Defined benefit plan subject to performance conditions |
|---|---|--|--|--|
| Applicable law | Article 83 of the French General Tax Code | Article 39 of the French General Tax Code and L. 137-11 of the French Social Security Code | Articles 39 of the French General Tax Code and L. 137-11 of the French Social Security Code | Article L. 137-11-2 of the French Social Security Code |
| Authorization of the benefits | Board Meeting of July 25, 2016 General Meeting of May 30, 2017 | Board Meeting of July 25, 2016 General Meeting of May 30, 2017 | Board Meeting of July 25, 2016 General Meeting of May 30, 2017 | Board Meeting of April 17, 2020 General Meeting of June 26, 2020 (as part of the ex-ante vote on the compensation policy for the Chief Executive Officer) In the process of being implemented with a retroactive effect as of January 1, 2020. |
| Scheme entry conditions and other conditions giving entitlement to benefit from it | One year's seniority in the Group at the time of retirement | <ul style="list-style-type: none"> ■ Having an employment contract or a position as a corporate officer and five years' seniority in the Group at the time of retirement ■ End a career within the Group | <ul style="list-style-type: none"> ■ Having an employment contract (active or suspended) or a position as a corporate officer in France ■ Three-year seniority within Faurecia's Executive Committee as from January 1, 2015 ■ End a career within the Group | <ul style="list-style-type: none"> ■ Being a member of Faurecia's Executive Committee ■ Having an employment contract (active or suspended) or a position as a corporate officer in France ■ Three years seniority within Faurecia's Executive Committee |
| Method for determining the reference compensation used to calculate entitlements | Contributions to tranche A and tranche B of the current year (amount of contributions paid by the Company in 2020: €7,815.84) | Average over the three years preceding the liquidation of the rights of compensation in tranche C, which corresponds in 2020 to €164,544 | Average over the three years preceding the liquidation of the rights of the total compensation (basic and variable) excluding exceptional items | Gross salary within the meaning of Article L. 242-1 of the French Social Security Code (basic and variable, excluding exceptional items) received during the year of Executive Committee membership |
| Vesting formula | 1% of the compensation in tranche A and 6% of the compensation in tranche B | 1% of the compensation in tranche C and performance conditions linked to the degree of the achievement of variable compensation targets ⁽¹⁾ | Depending on Faurecia's performance, from 1% to 3% of total compensation (fixed + variable), excluding special compensation ⁽²⁾ | From 0% to 3% of the annual reference compensation depending on the achievement of performance conditions ⁽³⁾ |
| Ceiling, amount or terms and conditions for determining it | Not applicable | <ul style="list-style-type: none"> ■ According to the leaving age, between 65-70% of the average salary of the last three years | <ul style="list-style-type: none"> ■ Eight times the annual French social security ceiling ■ The total retirement amounts paid by Faurecia must be less than 25% of the reference compensation ■ In addition, the replacement rate across all pension schemes (mandatory and specific) must also be less than 45% | <ul style="list-style-type: none"> ■ Ceiling on acquired rights: 30 points ■ The amount of retirement pensions paid by the Group is capped at eight annual social security ceilings ■ The sum of the rights acquired under the supplementary plans provided by the Group must be less than 25% of the average annual reference compensation received over the last three calendar years ■ The annual amount of retirement pensions paid under the Group's mandatory plans and specific plans must be less than 45% of the average annual gross reference compensation received during the three calendar years preceding the date of termination of employment or the departure of the Executive Committee |
| Funding of rights | Outsourced | Outsourced | Outsourced | Outsourced |

| | Defined contribution pension scheme | Defined benefit plan (frozen – all tranche C executives) | Specific supplementary pension scheme (frozen – members of the Executive Committee [France]) | Defined benefit plan subject to performance conditions |
|--|-------------------------------------|--|--|--|
| Estimated amount of the pension for the Chief Executive Officer at the end of the fiscal year | €4,037 per year | €23,387 per year ⁽⁴⁾ | €232,656 per year ⁽⁵⁾ | €0 |
| Associated tax and payroll expenses | Not applicable | Tax on annuity | Tax on contribution | Contribution of 29.7% |

(1) For the Chief Executive Officer, if the annual variable compensation targets are achieved: (i) up to 80% or more, a 1% increase in potential rights (limited to tranche C of the compensation) will be vested for the fiscal year in question and (ii) less than 80%, the increase in fees will be reduced in proportion to the achievement of the objectives (e.g. a target achieved at 30% will result in an increase of 0.30% of potential rights).

(2) For the Chief Executive Officer and members of the Executive Committee (France), the level of annual pension is determined according to the Company's operating income, in relation to the budget, as approved by the Board of Directors on the basis of the following formula: $\sum Xi * R$ where R = annual reference compensation and Xi = rights granted for each year of seniority, i being equal to (i) 3% if the operating income for the year is greater than 105% of the budgeted operating income, (ii) 2% if the operating income for the year is between 95% and 105% of the budgeted operating income, and (iii) 1% if the operating income for the year is lower than 95% of the budgeted operating income.

(3) For the Chief Executive Officer and the members of the Executive Committee (France), the level of annual pension is calculated according to the following formula: $\sum Xi * R$ where R = annual reference compensation and Xi = annual entitlement granted on the basis of an annual annuity for each year of service in the plan, i being equal to the sum of the rights granted on the basis of the following criteria:

based on Faurecia's operating income:

- 2.7% if the operating income is higher than 100% of the budgeted operating income,
- 1.8% if the operating income amounts to between 95% and 100% of the budgeted operating income,
- 0.9% if the operating income amounts to between 75% and 95% of the budgeted operating income,
- 0% if the operating income is lower than 75% of the budgeted operating income;

based on the level of achievement of annual variable compensation (FVC) targets:

- 0.3% if the level of targets achievement is higher than 100%,
- 0.2% if the level of targets achievement amounts to between 95% and 100%,
- 0.1% if the level of targets achievement amounts to between 75% and 95%,
- 0% if the level of targets achievement is lower than 75%.

If the level of achievement of one of the conditions is lower than 75%, no right can be granted for the given year. As a result of the impact of the Covid-19 sanitary crisis, none of the conditions were met. As a consequence, no additional rights were vested in respect of the fiscal year ended December 31, 2020.

(4) Seniority starting from December 18, 2006.

(5) Seniority starting from January 1, 2015.

Further information on these pension schemes can be found in Note 25-2 to the consolidated financial statements.

3.3.1.2.2.5. Severance payment

Patrick Koller benefits from a severance payment of up to 24 months of compensation which was authorized by the Board of Directors on July 25, 2016 pursuant to the procedure of Article L. 225-42-1 of the French Code of commerce (now repealed) and approved by the General Meeting of May 30, 2017 in respect of its fifth resolution. It should be noted that this was adjusted during the review of the Chief Executive Officer's package by the Board of Directors on February 14, 2020 solely in order to align the calculation methods for the reference compensation with that of the non-competition clause, and approved in accordance with the law by the General Meeting of June 26, 2020 as part of the vote on the compensation policy for the Chief Executive Officer for 2020 (sixteenth resolution).

The terms and conditions of the severance payment granted to the Chief Executive Officer are described in the compensation policy for the Chief Executive Officer for 2020 and 2021, which appear respectively in Sections 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of the 2019 Universal Registration Document and this Universal Registration Document.

This payment was not triggered during fiscal year 2020.

3.3.1.2.2.6. Non-competition indemnity

Since the decision of the Board of Directors of February 14, 2020, Patrick Koller is subject to a non-compete commitment for a period of 12 months applicable in the event of his resignation, it being specified that the compensation due in return for this commitment became effective following the approval, in accordance with the law, by the General Meeting of the Board of Directors of June 26, 2020 of the compensation policy for the Chief Executive Officer in respect of the sixteenth resolution.

The terms of the non-compete commitment, and the related compensation, from which the Chief Executive Officer is entitled, are described in the compensation policy for the Chief Executive Officer for 2020 and 2021 which appear respectively in Sections 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of the 2019 Universal Registration Document and this Universal Registration Document.

This payment was not triggered during fiscal year 2020.

3.3.1.2.2.7. Notice and non-solicitation

Patrick Koller is subject to six months' notice in the event of his resignation and has a non-solicitation commitment of twelve months. These provisions were decided by the Board of Directors on February 14, 2020 and became effective following the approval, by the General Meeting of June 26, 2020, of the 2020 compensation policy for the Chief Executive Officer in respect of the sixteenth resolution.

The terms of the notice period and the non-solicitation commitment are described in the compensation policy for the Chief Executive Officer for 2020 and for 2021 which appear respectively in Sections 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of the 2019 Universal Registration Document and this Universal Registration Document.

These measures were not implemented during fiscal year 2020.

3.3.1.2.2.8. Benefits in kind and social protection schemes

In accordance with the Company compensation policy, Patrick Koller has been provided with a company car. The total amount of benefits in kind is €15,351.

It is also specified that the Company paid, in respect of the supplementary medical/life/disability insurance plan, €6,964.

3.3.1.2.2.9. Other components of compensation

With the exception of the items described above, Patrick Koller did not receive any other compensation or benefits (including for his duties as Board member of the Company).

It is hereby stipulated, as required, that he receives no compensation from any company within the consolidation scope as per Article L.233-16 of the French Code of commerce.

3.3.1.2.3. COMPENSATION PAID DURING FISCAL YEARS 2019 AND 2020 OR AWARDED FOR THE SAME FISCAL YEARS

The tables below sets out the compensation and benefits paid during fiscal years 2019 and 2020 or awarded in respect of these fiscal years to Patrick Koller, the Chief Executive Officer.

To the extent that all stock subscription options ceased to be in force on April 16, 2017, tables No. 4, No. 5 and No. 8 on options awarded or exercised during the fiscal year as defined by the AFEP-MEDEF Code and AMF recommendation No. 2021-02 are not applicable. This is also the case with regard to table No. 10 of the AFEP-MEDEF Code given that Patrick Koller does not receive multi-annual variable compensation in cash.

Finally, the table setting out the past record on the granting of performance shares (table No. 9 of the AFEP-MEDEF Code and table No. 10 of AMF recommendation No. 2021-02) are set out in Chapter 5 "Capital stock and shareholding structure", Section 5.2.2. "Potential capital stock".

SUMMARY OF COMPENSATION, OPTIONS AND SHARES GRANTED TO PATRICK KOLLER

Table No. 1 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

| (in €) | Fiscal year 2019 | Fiscal year 2020 |
|---|------------------|------------------|
| Compensation awarded for the fiscal year (see table 2) | 2,187,623 | 1,147,315 |
| Value of stock options granted during the fiscal year | - | - |
| Value of performance shares granted during the fiscal year (set out in table 6) | 1,534,078 | 1,619,713 |
| Value of other long-term compensation plans | - | - |
| TOTAL | 3,721,701 | 2,767,028 |

SUMMARY OF PATRICK KOLLER'S COMPENSATION

Table No. 2 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

| (gross in €) | Fiscal year 2019 | | Fiscal year 2020 | |
|---|--------------------------|--------------------------|------------------------|--------------------------|
| | Amount granted | Amount paid | Amount granted | Amount paid |
| Fixed compensation | 862,500 | 862,500 | 855,000 ⁽³⁾ | 855,000 ⁽³⁾ |
| Annual variable compensation ⁽⁴⁾ | 1,302,480 ⁽¹⁾ | 1,210,300 ⁽²⁾ | 270,000 ⁽⁴⁾ | 1,302,480 ⁽⁵⁾ |
| Multi-annual variable compensation ⁽⁷⁾ | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Compensation as Board member | - | - | - | - |
| Benefits in kind | 22,643 ⁽⁶⁾ | 22,643 | 22,315 ⁽⁶⁾ | 22,315 |
| TOTAL | 2,187,623 | 2,095,443 | 1,147,315 | 2,179,795 |

(1) Amount granted for fiscal year 2019.

(2) Amount paid in 2019 in respect of fiscal year 2018.

(3) This amount takes into account the 20% reduction off the monthly payments for the fixed remuneration made during the entire second quarter 2020, in accordance with the commitments taken by the Chief Executive Officer in consideration of the Covid-19 sanitary crisis.

(4) Amount granted in respect of fiscal year 2020, which will be paid subject to a favorable ex post voting by the Chief Executive Officer at the General Meeting of May 31, 2021.

(5) Amount paid in 2020 in respect of fiscal year 2019 further to the approval of the thirteenth resolution in relation to ex post voting by the Chief Executive Officer at the General Meeting of June 26, 2020.

(6) Availability of a company car. This figure also includes social protection schemes (€7,293 in respect of fiscal year 2019 and €6,964 in respect of fiscal year 2020).

PERFORMANCE SHARES GRANTED TO PATRICK KOLLER DURING THE FISCAL YEAR

Table No. 6 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

| | Number and date of plan | Maximum number of shares granted during the relevant period ⁽¹⁾ | Valuation of shares according to the method used for the consolidated financial statements (in €) | Acquisition date | Availability date | Performance conditions ⁽¹⁾ |
|--------------|---------------------------------|--|---|------------------|-------------------|---|
| Plan No. 12 | Plan No. 12 of October 22, 2020 | 61,140 | 1,619,713 | 22/10/2024 | 22/10/2024 | Internal condition, linked to the Group net income after tax (weighting of 60%) Internal condition linked to gender diversity (% of women) within the Group "Managers and Professionals" category (weighting of 10%) External condition linked to weighted growth in net earnings per Faurecia share (weighting of 30%) |
| TOTAL | - | 61,140 | 1,619,713 | - | - | - |

(1) Details on the performance conditions as well as the set targets can be found in Section 3.3.1.2.2.3 "Performance shares".

PERFORMANCE SHARES THAT BECAME AVAILABLE TO PATRICK KOLLER DURING THE FISCAL YEAR

Table No. 7 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

| Number and date of plan | Number of shares that became available during the fiscal year ⁽¹⁾ | Vesting conditions |
|-----------------------------|--|---|
| Plan No. 8 of July 25, 2016 | 45,771 | Patrick KOLLER must retain, in registered form and while he continues to hold office, at least 30% of all shares actually acquired under each plan. This percentage threshold obligation for each plan will cease to apply once Patrick KOLLER owns a number of shares that corresponds to three years' gross base compensation, factoring in all the plans already vested, and will again become applicable in the event that Patrick KOLLER no longer holds the target number of shares corresponding to this level of base gross compensation. |
| TOTAL | 45,771 | |

(1) The initial grant related to a maximum of 55,095 shares. The achievement rate for the performance conditions is as follows: the internal performance condition relating to Group net income (pre-tax) was 93% and the rate for the external performance condition was 130%, i.e. an overall performance rate of 108%.

The total number of performance shares outstanding as of December 31, 2020 which may vest to Patrick Koller (minus the number of shares already vested) represents a total of 171,334 shares, i.e. 0.12% of Faurecia's capital as of that date.

Table No. 11 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

| | Employment contract | Supplementary pension scheme | Compensation or benefits due or that may be due on termination or change in position | Compensation due under a non-competition clause |
|---|---------------------|------------------------------|--|---|
| Name: Patrick Koller Position: Chief Executive Officer since July 1, 2016 Date of end of corporate office: undetermined, Patrick Koller's appointment as Chief Executive Officer being without a specified term | No | Yes ⁽¹⁾ | Yes ⁽²⁾ | Yes ⁽³⁾ |

(1) The key aspects of the supplementary pension scheme are described in Section 3.3.1.2.2.4 "Pension schemes" of this Universal Registration Document.

(2) The terms and conditions of the severance payment are described in Section 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of this Universal Registration Document.

(3) The terms of the non-compete payment are described in Section 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of this Universal Registration Document.

3.3.1.3. Information on compensations for executive and non-executive corporate officers and evolutions during the last five fiscal years

This paragraph relates specifically to multiples of compensation between the level of compensation of executive corporate officers and the level of average and median compensation of Group employees in France. It also deals with the annual evolution of compensation for executive and non-executive corporate officers and Group employees in France, as well as Group performances' evolution. Information is presented in accordance with the AFEP guidelines on compensation multiples updated in February 2021. It is also the case for the table on data.

Since mid-2016, the Group's governance structure has been composed of a Chairman of the Board of Directors and a Chief Executive Officer. The ratios and annual change are therefore presented for the 2016-2020 period, it being stipulated that the compensation received in exchange for these corporate offices in the second half of 2016 were annualized for comparison purposes.

The corporate office of Chairman of the Board of Directors was held by Yann Delabrière from July 1, 2016 to May 30, 2017, and since then by Michel de Rosen. The corporate office of Chief Executive Officer has been held by Patrick Koller since July 1, 2016.

As for the employees' scope to be taken into account, Faurecia SE, being the holding of Faurecia Group, having only six employees for a total France headcount of 10,450 employees, as of December 31, 2020, it has been decided to take into consideration a more representative scope for the Group activity in France, and to take into account all of the Group's French legal entities, with the exception of those companies having joined or left the Group in the five years in question ⁽¹⁾, according to Afep-Medef Code

(§26-2) and Afep guidelines on compensation multiples updated in February 2021.

On average, over the five years under review, the scope taken into consideration represents nearly 95% of French employees. Furthermore, it is specified that the Group's French headcount represents just 10% of the Group's total headcount and includes nearly 65% of non executive employees.

The compensations taken into account in calculations are those of Faurecia French employees who were present throughout the entire year in question. The compensation for part-time employees has been recalculated to the full-time equivalent. The components of the compensations used for these ratios have been calculated on the basis of the fixed and variable compensation paid over the course of the fiscal years in question, including the incentive plans and profit-sharing, as well as the performance shares granted, to the target, over the same periods and recorded at fair value ⁽²⁾. For 2020, part-time allowances were also taken into account. The sole additional pension schemes, that represent a posterior benefit to the contract and corporate offices were not taken into account. For 2016, as the two corporate offices began mid-year, the compensation paid to the two corporate officers was annualized to calculate the ratios.

Despite the Covid-19 sanitary crisis, the overall compensation paid to the Chief Executive Officer in 2020 has increased due to the payment in 2020 of the variable compensation relating to the 2019 fiscal year as a result of the good performance of that year. Therefore, the main impact of this crisis on the Chief Executive Officer's compensation will only be perceived in 2021, when the variable compensation for 2020, which is down by almost 80%, is paid.

(1) The following companies are excluded from the scope of the calculation : FBA (1 230 employee) sold in 2016, Faurecia Clarion Electronics Europe (formerly Parrot) integrated in 2018 (379 employees), Clarion Europe integrated in 2019 (72 employees) and SAS integrated in 2020 (264 employees).

(2) Please note that the valuation of the performance shares when granted is not necessarily representative of the value at the time of delivery.

It is reminded that in the context of the Covid-19 sanitary crisis, the Chief Executive Officer and the President of the Board of Directors reduced their fixed compensation by 20% over the entire second quarter of 2020, and that the increase in the fixed compensation of the Chief Executive Officer as well as in his long term variable compensation cap, which was planned in 2020, has been postponed to 2021, in accordance with his proposal.

The performance criterion used to assess Group performance is the operating income. This criterion is established on a consolidated basis.

Table for ratios pursuant I. 6° & 7° of article L.22-10-9 of French Code of commerce

(Table in accordance with AFEF guidelines on compensation multiples updated on February 2021)

| Compensation paid in the year under review includes variable compensation due for the previous year | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|-------|-------|-------|--------|
| Evolution (in%) of Chairman ⁽¹⁾ of the Board's compensation ⁽²⁾ | | -0.7% | -0.1% | 0.0% | -4.3% |
| Evolution (in%) of Chief Executive Officer ⁽³⁾ 's compensation | | 7.7% | 8.9% | 8.6% | 4.7% |
| INFORMATION ON THE SCOPE OF THE LISTED COMPANY | | | | | |
| Evolution (in%) employees' average compensation | <i>The scope of the listed company is not relevant since it only comprises six employees. It was deemed more representative to include all of the Group's French legal entities in the enlarged scope, with the exception of companies that joined or left the Group during the five years in question.</i> | | | | |
| Employees' average compensation Ratio | | | | | |
| Ratio's evolution (in%) versus previous fiscal year | | | | | |
| Employees' median compensation Ratio | | | | | |
| Ratio's evolution (in%) versus previous fiscal year | <i>On average, over the five years studied, the scope represents nearly 95% of French employees.</i> | | | | |
| ADDITIONAL INFORMATION ON A BROADER SCOPE (FRENCH LEGAL ENTITIES) | | | | | |
| Evolution (in%) of employees' average compensation in French legal entities | | 3.8% | 4.4% | 3.1% | 0.2% |
| Chairman of the Board of Directors | | | | | |
| Average compensation (France) Ratio | 6.6 | 6.3 | 6.0 | 5.8 | 5.6 |
| Ratio's evolution (in%) versus previous fiscal year | | -4.4% | -4.3% | -3.0% | -4.0% |
| Employees' median compensation Ratio | 8.9 | 8.5 | 8.2 | 7.9 | 7.5 |
| Ratio's evolution (in%) versus previous fiscal year | | -4.8% | -3.2% | -4.2% | -4.9% |
| Chief Executive Officer | | | | | |
| Average compensation (France) Ratio | 61.4 | 63.7 | 66.5 | 70.0 | 72.4 |
| Ratio's evolution (in%) versus previous fiscal year | | 3.7% | 4.4% | 5.3% | 4.5% |
| Employees' median compensation Ratio | 83.5 | 86.1 | 90.9 | 94.6 | 97.9 |
| Ratio's evolution (in%) versus previous fiscal year | | 6.1% | 5.3% | 7.3% | 4.6% |
| GROUP PERFORMANCES | | | | | |
| Operating income (in millions of euros) ⁽⁴⁾ | | | | | |
| Evolution (in%) versus previous fiscal year | | 19.3% | 10% | 0.7% | -68.3% |

(1) Yann Delabrière from July 1, 2016 to May 30, 2017 then Michel de Rosen since June 1, 2017.

(2) Comprehensive compensation paid or granted for the year.

(3) Patrick Koller since July 1, 2016.

(4) Operating income - annual values (2016: €970.2 million; 2017: €1,157.6 million; 2018: €1,273.9 million; 2019: €1,283.3 million; 2020: €406 million). Despite a decrease in the worldwide automotive production in 2018 and 2019, Faurecia Group operating income, in value, is in constant progression thanks to an increase of its sales. In 2019, in a difficult context impacted by a 5.8% decrease in the worldwide automotive production, the Faurecia group, outperforming the market and showing a good level of resilience, succeeded again in improving its level of operating income. In 2020, despite a marked improvement in the second half of the year, the Group's operating margin was strongly impacted by the sanitary crisis.

3.3.1.4. Tables summarizing the elements of compensation paid or awarded for the past fiscal year ended to executive and non-executive corporate officers

The tables below present a summary of the compensation and benefits paid during fiscal year 2020 or awarded in respect of this same fiscal year to the executive and non-executive corporate officers.

3.3.1.4.1. SUMMARY OF THE COMPONENTS OF COMPENSATION PAID TO THE CHAIRMAN OF THE BOARD OF DIRECTORS DURING FISCAL YEAR 2020 OR AWARDED IN RESPECT OF THIS SAME FISCAL YEAR

| Components of compensation | Amounts allocated in respect of the past fiscal year or accounting valuation | Presentation |
|---|--|--|
| Fixed compensation | €251,940 (paid) | The principles for determining the compensation of Michel de ROSEN as Chairman of the Board of Directors, as well as the methods for implementing it (the " 2020 Compensation "), are respectively described (i) in the compensation policy for the Chairman of the Board of Directors set out in Sections 3.3.4.1.2 "Compensation policy for the Chairman of the Board of Directors" of the 2019 Universal Registration Document and of this Universal Registration Document (the " 2020 and 2021 Compensation Policies ") and (ii) in Section 3.3.1.1.2.1. "Fixed annual compensation" of this Universal Registration Document. The amount of the 2020 fixed annual compensation was fixed at €300,000 (cap integrating the benefits in kind linked to the provision of a personal assistant). In the context of the Covid-19 sanitary crisis, monthly payments for his fixed remuneration were reduced by 20% for the entire second quarter of 2020. |
| 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 | Not applicable | No stock subscription or purchase options grant, performance shares, or any other long-term benefits |
| Compensation as Board member | Not applicable | No compensation awarded as Board member |
| All benefits (including social protection) | €44,288 (including accounting valuation of €39,782) | The 2020 Compensation is respectively described in (i) the 2020 and 2021 Compensation Policies and (ii) Section 3.3.1.1.2.2 "Benefits in kind and social protection schemes" of this Universal Registration Document. |
| Severance payment | Not applicable | No severance payment |
| Non-competition indemnity | Not applicable | No non-competition indemnity |
| Supplementary pension schemes | Not applicable | No supplementary pension scheme benefit |

3.3.1.4.2. SUMMARY OF THE COMPONENTS OF COMPENSATION PAID TO THE CHIEF EXECUTIVE OFFICER DURING FISCAL YEAR 2020 OR AWARDED IN RESPECT OF THIS SAME FISCAL YEAR ⁽¹⁾

| Components of compensation | Amounts allocated in respect of the past fiscal year or accounting valuation | Presentation |
|---|---|--|
| Fixed compensation | €855,000 (paid) | <p>The principles for determining the compensation of Patrick KOLLER as Chief Executive Officer, as well as its implementation methods (the "2020 Compensation") are respectively described (i) in the compensation policy for the Chief Executive Officer in Sections 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of the 2019 Universal Registration Document and this Universal Registration Document (the "2020 and 2021 Compensation Policies") and (ii) in Section 3.3.1.2.2.1. "Fixed annual compensation" of this Universal Registration Document.</p> <p>The amount of fixed annual compensation for 2020 was set at €900,000, since the 11% increase decided in 2020 was not applied. Moreover, due to the Covid-19 sanitary crisis, monthly payments for his fixed compensation were reduced by 20% for the entire second quarter of 2020.</p> |
| Annual variable compensation | €270,000 (amount to be paid in 2021 subject to a favorable vote by the General Meeting) | <p>The 2020 Compensation is respectively described in (i) the 2020 and 2021 Compensation Policies and (ii) Section 3.3.1.2.2.2 "Annual variable compensation" of this Universal Registration Document.</p> <p>At a meeting held on February 19, 2021, the Board of Directors, on the recommendation of the Compensation Committee, determined and finalized the total annual variable compensation to be awarded to Patrick KOLLER for fiscal year ended on December 31, 2020 as follows:</p> <ul style="list-style-type: none"> ■ Quantifiable criteria (operating margin and net cash flow) : 0%, which gives the right to €0 (out of a maximum of €1,350,000 corresponding to 150% of the fixed annual compensation); ■ Qualitative criterion (strategy execution): 150%, which gives the right to €270,000 (which is the maximum, corresponding to 30% of the fixed annual compensation); ■ Total amount: €270,000 (compared to €1,302,480 for fiscal year 2019). <p>In accordance with the provisions of Article L. 22-10-34 of the French Code of commerce, the variable compensation for the fiscal year ended December 31, 2020 shall be paid only once the shareholders approved the components of compensation paid during the course of fiscal year 2020 or awarded in respect of the same fiscal year to Patrick KOLLER, Chief Executive Officer.</p> <p>It is also acknowledged that the payment of Patrick KOLLER's annual variable compensation for fiscal year 2019, which totaled €1,302,480, was, in accordance with the law, subject to a favorable vote at the General Meeting of June 26, 2020 on the components of compensation paid or awarded in respect of fiscal year 2019 (thirteenth resolution). Since the vote in favor of this resolution was 96.47%, payment of Patrick KOLLER's annual variable compensation for fiscal year 2019 was made after this General Meeting.</p> |
| Multi-annual variable compensation | Not applicable | No multi-annual variable compensation |
| Exceptional compensation | Not applicable | No exceptional compensation |

(1) As the prior notice and the non sollicitation covenant do not give rise to specific compensation, they are not mentioned in this table. For information, these mechanisms have not been implemented in 2020.

3 Corporate governance

Compensation of corporate officers

| Components of compensation | Amounts allocated in respect of the past fiscal year or accounting valuation | Presentation |
|---|---|---|
| Stock options, performance shares or any other long-term benefit | Options = not applicable Performance shares = €1,619,713 (valuation according to the standards used for the consolidated financial statements) | <p>No stock subscription or purchase options grant.</p> <p>The Compensation for 2020 is respectively described (i) in the 2020 and 2021 Compensation Policies and (ii) in Section 3.3.1.2.2.3 "Performance Shares" of this Universal Registration Document.</p> <ul style="list-style-type: none"> ■ <u>2018 grant : Plan No.10</u>: the internal condition linked to the Group net income (after tax) (weighting 60%) was not met due to the impact of the Covid-19 sanitary crisis. The external condition linked to the earnings per share (weighting 40%), will be assessed by the Board of Directors at the Board meeting reviewing the sales revenue of the first quarter of 2021; ■ <u>2019 grant : Plan No.11</u>: as a result of the Covid-19 sanitary crisis, the internal conditions quantitative targets related to (i) the Group net income (after tax), (weighting 60%) and (ii) gender diversity within the "Managers and Professionals" category, resulted unreachable and at a meeting held on October 22, 2020, the Board of Directors resolved to adjust them to take into account the new economic and market data, while keeping the same achievement target curve; ■ <u>2020 grant : Plan No.12</u>: the Board meeting held on October 22, 2020, on the basis of the authorization from the General Meeting of June 26, 2020 (twenty-third resolution), resolved to grant 61,140 shares to Patrick KOLLER subject to performance conditions (it being stipulated that, in the event of the achievement of the targets set, the number of shares to be delivered will be 47,030). These 61,140 shares correspond to 0.04% of the Company's capital stock as of December 31, 2020; ■ <u>2016 grant : Plan No.8 - shares delivery</u>: it is stipulated, for information purpose, that 45,771 shares attributed to Patrick KOLLER for the performance shares grant plan No.8 became available and were delivered in the course of the fiscal year. |
| | Other long-term benefits = not applicable | No other long-term benefits grant |
| Compensation as Board member | Not applicable | No compensation awarded as Board member. |
| All benefits (including social protection) | €22,315 (including accounting valuation of €15,351) | The 2020 Compensation is described (i) in the 2020 and 2021 Compensation Policies and (ii) in Section 3.3.1.2.2.8 "Benefits in kind and social protection schemes" of this Universal Registration Document respectively. |
| Severance payment | No payment made during the fiscal year | <p>The 2020 Compensation is described (i) in the 2020 and 2021 Compensation Policies and (ii) in Section 3.3.1.2.2.5 "Severance payment" of this Universal Registration Document respectively.</p> <p>Patrick KOLLER benefits from a severance payment since July 25, 2016. This scheme, which was authorized for Patrick KOLLER, Chief Executive Officer, by the Board of Directors' decision of July 25, 2016 under the conditions set forth under Article L. 225-42 of the French Code of commerce (now repealed), was approved by the General Meeting of May 30, 2017 (fifth resolution). It was then adjusted by the Board of Directors on February 14, 2020 solely in order to align the calculation methods for the reference compensation with that of the non-compete clause, and approved in accordance with the law by the General Meeting of June 26, 2020 in the context of the 2020 vote on the compensation policy for the Chief Executive Officer (sixteenth resolution).</p> |
| Non-competition indemnity | No payment made during the fiscal year | <p>The 2020 Compensation is respectively described (i) in the 2020 and 2021 Compensation Policies and (ii) in Section 3.3.1.2.2.6 "Non-competition indemnity" of this Universal Registration Document.</p> <p>Patrick KOLLER has been bound by a non-compete covenant since February 14, 2020 and benefits from a related indemnity since June 26, 2020. The decision was taken by the Board of Directors on February 14, 2020 and approved in accordance with the law by the General Meeting of June 26, 2020 as part of the 2020 vote on the Chief Executive Officer's compensation policy (sixteenth resolution).</p> |

| Components of compensation | Amounts allocated in respect of the past fiscal year or accounting valuation | Presentation |
|--|--|---|
| <p>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)</p> <p>Frozen supplementary pension schemes: Defined benefits pension scheme and specific pension scheme (Article 39 of the French General Tax Code).</p> | No payments to during the year | <p>The 2020 Compensation is respectively described (i) in the 2020 and 2021 Compensation Policies and (ii) in Section 3.3.1.2.2.4 "Pension schemes" of this Universal Registration Document.</p> <ul style="list-style-type: none"> ■ Defined contribution pension scheme: the amount is €4,037; ■ Frozen defined benefits pension scheme : in accordance with the provisions of the order of July 3, 2019, the potential rights acquired by Patrick KOLLER under the defined benefits pension scheme which he had continued to benefit from after his appointment as Chief Executive Officer on July 1, 2016 were frozen (as a percentage) in the existing plan at December 31, 2019. The amount of the pension at December 31, 2020 was €23,387. The same applies to the additional defined benefits pension scheme. The amount of the pension under this additional plan was, at December 31, 2020, €232,656. These plans were authorized by a decision of the Board of Directors of July 25, 2016, and approved by the General Meeting of May 30, 2017 (fifth ordinary resolution). ■ New defined benefits pension scheme: the Chief Executive Officer is eligible for a new defined benefits pension scheme subject to performance conditions. The implementation of this new regime was ongoing as of December 31, 2020 and will take effect retroactively as of January 1, 2020. However due to the Covid-19 sanitary crisis, the performance conditions targets were not met, and, as a consequence, no right will be granted in respect of the fiscal year ended on Decembre 31, 2020. Therefore the annuity to be awarded in respect of this pension scheme is nil. |

3.3.2. Board members' compensation for fiscal years 2019 and 2020

The principles for determining the compensation of Board members are described in the compensation policy for Board members in Sections 3.3.4.1.1 "Compensation policy for Board members" of the 2019 Universal Registration Document and this Universal Registration Document.

It is recalled, in summary, that the Board members receive as compensation for their activity a sum composed of:

- a fixed part;
- a predominantly variable part linked to the actual profit-sharing;

In terms of ceiling and quantified distribution rules, the General Meeting of June 26, 2020 (tenth resolution) set the maximum amount of compensation that may be paid to the Board members at €900,000 and the Board of Directors decided, at its meeting of April 17, 2020, to maintain the compensation scale applicable since April 13, 2016, then adjusted thereafter, the last time at the meeting of February 15, 2018. This scale is as follows:

| | Fixed compensation ⁽¹⁾ | Variable compensation per session | Compensation for Board members not residing in France |
|--------------------|-----------------------------------|-----------------------------------|---|
| Board of Directors | €12,000 | €3,000 | €3,000 per Board meeting attendance |
| Committees | | | |
| ■ Member | €10,000 | €2,500 | - |
| ■ Chairman | €15,000 | €3,500 | - |

(1) Share on a pro rata basis for Board members that have joined or left the Board during the year. The amount is then divided by the number of Board and Committee meetings (giving the right to compensation) organized during the year.

3 Corporate governance

Compensation of corporate officers

In accordance with the rules described above, the table shows the gross amounts paid during/awarded in respect of fiscal years 2019 and 2020 to the Board members (non-executive corporate officers):

Table No. 3 (AFEP-MEDEF Code and AMF recommendation No. 2021-02)

| Board members (gross amounts in €) | Fiscal year 2019 ⁽¹⁾ | | Fiscal year 2020 ⁽¹⁾ | |
|---------------------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | Amount granted | Amount paid ⁽²⁾ | Amount granted ⁽³⁾ | Amount paid ⁽⁴⁾ |
| Daniel BERNARDINO | 73,500 | 45,000 | 83,000 | 73,500 |
| % fixed part | 30% | - | 39% | - |
| % variable part | 70% | - | 61% | - |
| Éric BOURDAIS DE CHARBONNIÈRE | 18,430 | 52,500 | - | 18,430 |
| % fixed part | 40% | - | - | - |
| % variable part | 60% | - | - | - |
| Odile DESFORGES | 62,000 | 66,000 | 90,000 | 62,000 |
| % fixed part | 44% | - | 41% | - |
| % variable part | 56% | - | 59% | - |
| Hans-Georg HÄRTER | 24,430 | 65,000 | - | 24,430 |
| % fixed part | 30% | - | - | - |
| % variable part | 70% | - | - | - |
| Linda HASENFRATZ | 77,500 | 65,000 | 77,000 | 77,500 |
| % fixed part | 35% | - | 35% | - |
| % variable part | 65% | - | 65% | - |
| Penelope HERSCHER | 73,500 | 62,000 | 82,500 | 73,500 |
| % fixed part | 30% | - | 39% | - |
| % variable part | 70% | - | 61% | - |
| Valérie LANDON | 71,000 | 73,000 | 82,000 | 71,000 |
| % fixed part | 31% | - | 39% | - |
| % variable part | 69% | - | 61% | - |
| Olivia LARMARAUD | - | - | - | - |
| % fixed part | - | - | - | - |
| % variable part | - | - | - | - |
| Yan MEI | 35,575 | - | 42,000 | 35,575 |
| % fixed part | 24% | - | 29% | - |
| % variable part | 76% | - | 71% | - |
| Denis MERCIER | 37,075 | - | 61,500 | 37,075 |
| % fixed part | 39% | - | 36% | - |
| % variable part | 61% | - | 64% | - |
| Peter MERTENS | 16,930 | - | 62,000 | 16,930 |
| % fixed part | 32% | - | 35% | - |
| % variable part | 68% | - | 65% | - |
| Grégoire OLIVIER | - | - | - | - |
| % fixed part | - | - | - | - |
| % variable part | - | - | - | - |
| Robert PEUGEOT | 47,500 | 50,000 | 59,000 | 47,500 |
| % fixed part | 46% | - | 37% | - |
| % variable part | 54% | - | 63% | - |

| Board members <i>(gross amounts in €)</i> | Fiscal year 2019 ⁽¹⁾ | | Fiscal year 2020 ⁽¹⁾ | |
|--|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | Amount granted | Amount paid ⁽²⁾ | Amount granted ⁽³⁾ | Amount paid ⁽⁴⁾ |
| Emmanuel PIOCHE | 53,000 | 30,000 | 64,000 | 53,000 |
| % fixed part | 42% | - | 34% | - |
| % variable part | 58% | - | 66% | - |
| Philippe de ROVIRA | - | - | - | - |
| % fixed part | - | - | - | - |
| % variable part | - | - | - | - |
| Bernadette SPINOY | 24,430 | 58,500 | - | 24,430 |
| % fixed part | 30% | - | - | - |
| % variable part | 70% | - | - | - |
| TOTAL | 614,870 | 596,000 | 703,000 | 614,870 |
| % fixed part | 35% | - | 37% | - |
| % variable part | 65% | - | 63% | - |

(1) The amount of variable part includes, for Board members not residing in France, the additional allowance intended to take into account geographic distance for any physical attendance at a meeting of the Board of Directors.

(2) Amount paid for fiscal year 2018.

(3) The Board of Directors unanimously decided that one of its meetings would not be remunerated given its relatively short duration.

(4) Amount paid for fiscal year 2019.

The relative proportion between the fixed and variable portion of compensation allocated to corporate officers in respect of fiscal year 2020 is as follows: 37% for the fixed portion and 63% for the variable portion.

Board members (non-executive corporate officers) received no other compensation from the Company or any company within the consolidation scope as per Article L. 233-16 of the French Code of commerce.

Finally, it is stipulated that as the Board of Directors is composed in accordance with the provisions of the first alinea of Article L. 225-18-1 of the French Code of commerce, the payment of the compensation allocated to the Board members has not been suspended.

3.3.3. Compensation of the Group's operational management for fiscal year 2020

3.3.3.1. Executive Committee

The total amount of compensation paid during fiscal year 2020 to the Executive Committee members in office as of December 31, 2020, including the Chief Executive Officer, amounts to €13,299,263. It should be noted that, in the same spirit of solidarity than the Chairman of the Board of Directors and the Chief Executive Officer, the Executive Committee decided to reduce their monthly paid fixed compensation by 10% for the entire second quarter of 2020.

The compensation of the Executive Committee members, excluding the Chief Executive Officer, includes a variable bonus. Performing on target can result in a bonus worth 63% of the base salary. Should targets be exceeded, this percentage can rise to 119.7% of the base salary.

Since 2020, an additive formula has replaced the multiplication formula previously applied to members of the Executive Committee. From now on, at target level, the variable system is composed of a part based on financial performance criteria for 80% and a part based on individual performance criteria for 20%. The financial performance criteria (80%) relate to the operating income and cash flow assessed (i) at direct scope of responsibility for 80%, and (ii) at Group level for 20%. For functional departments, these criteria are assessed in full at Group level.

If the employment contract of an Executive Committee member (excluding the Chief Executive Officer) is terminated by the employer, he may receive contractual severance payment up to 12 months' compensation, beyond legal and collective bargaining agreement indemnities, depending on the 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 plans granted by the Board of Directors. As of December 31, 2020, plans No. 9, No. 10, No. 11 and No. 12 are being vested. They were granted by decision of the Board of Directors of July 20, 2017, July 19, 2018, October 9, 2019 and October 22, 2020. 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.

3.3.3.2. Group Leadership Committee

The members of Faurecia's Group Leadership Committee have an interest in the short-term results, through a variable system of target bonuses.

The financial performance criteria (80%) relate to the operating income and cash flow margin (i) at direct scope of responsibility for 80% and (ii) at scope of responsibility immediately above for 20%. For the functional departments, these criteria are assessed in full at Group level.

Since 2020, an additive formula has replaced the multiplication formula previously applied to members reporting directly to a member of the Executive Committee. From now on, at target level, the variable system is composed of a part based on financial performance criteria for 80% and a part based on individual performance criteria for 20%.

Members of this team also benefit from the performance share plan instituted by the Board of Directors, according to the same terms and conditions as the members of the Executive Committee (see Section 3.3.3.1 "Executive Committee" above) ⁽¹⁾.

(1) Some of them also benefit from plans Nos. 10b and 11b.

3.3.4. Compensation policy for corporate officers and implementation for 2021

3.3.4.1. Compensation policy for corporate officers

The compensation policy described below is established in accordance with the provisions of Article L. 22-10-8 of the French Code of commerce.

The compensation policy for corporate officers is set by the Board of Directors upon recommendation of the Compensation Committee and is reviewed annually to determine any potential adjustments to be made. Any other revision of the compensation policy outside this timetable follows the same procedure.

The Board of Directors ensures that the compensation policy is adapted to the Company's strategy and to the context in which the Company operates. It also ensures it is in accordance with its corporate interest and that its objective is to contribute to the business strategy and sustainability of the Company and to promote its performance and competitiveness over the medium and long term. These objectives are reflected in the determination of stable and long-term compensation structures adapted to the relevant corporate officers in accordance with market practices and, for the Chief Executive Officer, in a major portion of his compensation based on performance criteria related to the implementation of strategy whose achievement benefits to all stakeholders. These elements should allow the Company to attract and retain corporate officers, and, more specifically, executive corporate officers.

The Board of Directors relies on the Compensation Committee for all matters relating to the compensation of corporate officers. The Compensation Committee is composed of, at the date of this Universal Registration Document, two-thirds of independent Board members (excluding the Board member representing employees), including its Chairwoman. When determining the compensation policy, the Compensation Committee considers the objectives defined by the Board of Directors and the general principles guiding the compensation policy for corporate officers. It also ensures that the implementation of the compensation policy, in particular in terms of amount or value of allocations and benefits, complies with the objectives and principles that guided the determination of that policy. To that end, it makes any necessary or useful recommendations to guide the choices and decisions of the Board of Directors in the determination, implementation, and monitoring of the compensation policy.

To guarantee the independence of the process for determining or reviewing the compensation policy, the Compensation Committee and the Board of Directors ensure that the conflict of interest management rules provided by applicable laws in force and those provided by the internal rules of the Board of Directors are respected.

The compensation policy takes into consideration the principles of the AFEP-MEDEF Code regarding the determination of corporate officer compensation. In the context of a competitive and globalized market, the Board of Directors ensures the competitiveness of the compensation

offered and relies for this purpose on the performance of comparative studies, notably conducted by specialized external consultants. The Board of Directors seeks, as far as possible, to align the structure of the Chief Executive Officer's compensation with that of the Executive Committee members and of the Group Leadership Committee members. The objectives set take into account changes in the compensation component (diversity, etc.).

Finally, the Board of Directors pays close attention to the transparency of information relating to the structure and description of the rules stated for in the compensation policy.

3.3.4.1.1. COMPENSATION POLICY FOR BOARD MEMBERS

Board members are appointed by the General Meeting of Shareholders for a period of four years or, for a co-optation, for the duration of the predecessor's remaining term of office. They may resign at any time without notice and can also be dismissed at any time without notice by the General Meeting of Shareholders.

Board members representing employees are appointed, in accordance with the terms and conditions provided for in the bylaws, for a period of four years or, in the event of a replacement during their term of office, for the remaining term of office of the other Board member representing employees. They may resign at any time from their position as Board member or as an employee holding a permanent employment contract (subject, in the latter case, to giving notice), which entails the end of their term of office as Board member. The duties of the Board member representing the employees also end (i) in the event of termination of the employment contract (other than resignation) under the conditions provided for by applicable legal or contractual provisions and compliance with applicable procedures, subject, where applicable, to a notice period meeting these conditions and (ii) in the event of dismissal decided by the president of the judicial court at the request of the majority of the Board members.

The Board of Directors ensures that the amount of compensation reflects the level of responsibility assumed by the Board members and the time they need to devote to their duties. The Board of Directors, on the proposal of the Compensation Committee and in accordance with the principles below, distributes the annual amount of compensation allocated by the General Meeting of Shareholders. To determine the level of the annual fixed amount requested at the General Meeting of Shareholders, the Board of Directors performs market analysis and benchmark on the compensation of Board members in comparable companies in France and Europe and takes into account the compensation forecast, anticipated changes in the composition of the Board of Directors and any special events (establishment of an ad hoc committee, etc.). The benchmark assessment also applies to the determination of the distribution methods and its implementation.

The Board members receive as compensation for their activities an amount comprised of:

- a fixed portion, as consideration for their duties as a Board member and, where applicable, as a member or Chairman of a Committee, it being specified that this portion is prorated for the members who joined or left the Board of Directors during the year; and
- a predominant variable portion based on their effective attendance at meetings of the Board and, where applicable, of the Committee(s) of which they are members.

Board members not residing in France receive an additional amount intended to take into account geographic distance for any physical attendance at a meeting of the Board of Directors (it being specified that this amount may be exceptionally awarded to Board members residing in France when a meeting takes place abroad). When the Board members attend a meeting of the Board of Directors by videoconference or conference call, this additional amount is not paid.

The rules for the distribution of Board members' compensation may also apply to any ad hoc committee of Board members that may be established to respond to any subject that the Board of Directors considers useful or necessary to follow up on or develop further in the exercise of its missions. The same applies to any seminar which would be organized by the Board of Directors.

Board members representing employees receive compensation under the same conditions and according to the same terms as any other Board member, it being specified that they also receive a compensation under their employment contract within the Faurecia group.

In accordance with best governance practices, executive and non-executive corporate officers do not receive compensation for their duties of Board member. The same applies to Board members with executive or managerial duties within a shareholder that controls the Company.

In the event that the maximum amount of the annual fixed amount allocated by the General Meeting is exceeded, provision has been made to apply a reduction coefficient to the amount received by the Board members calculated as follows: (compensation owed to a Board member/total amount of compensation owed) x maximum amount of the fixed annual amount approved by the General Meeting.

In the event of a decision by the Board of Directors to entrust any Board member with a specific task or assignment, he may receive exceptional compensation whose amount will be proportionate to this task or assignment and in accordance with market practices.

Finally, each Board member is entitled to reimbursement, upon presentation of supporting documentation, for traveling expenses incurred by him in the exercise of his duties, within the limits of the ceilings stated by the applicable company policy.

3.3.4.1.2. COMPENSATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors shall elect a Chairman, who must be a natural person, from among its members. He is appointed for a term set by the Board of Directors, which cannot exceed his term as a Board member. The Chairman of the Board of Directors may resign from office at any time without notice and the Board of Directors may terminate his office at any time without a notice period.

The Board of Directors ensures in particular that the compensation of the Chairman of the Board of Directors is adapted to the missions given, consistent with best market practices and aligned with the interests of all stakeholders in the Company's business.

The compensation of the Chairman of the Board of Directors is made up of fixed compensation and benefits in kind, to the exclusion of any other compensation components.

Fixed compensation

The fixed annual compensation is the only component of compensation of the Chairman of the Board of Directors, excluding any other compensation (except for benefits in kind and social protection).

The purpose of the fixed compensation of the Chairman of the Board of Directors is to compensate the responsibilities and duties attached to that corporate office, whether they are provided by law or by the Company (internal rules of the Board of Directors). The determination of the amount of that compensation also takes into account the skills and experiences of the beneficiary and is based on a comparative study issued by an external consultant on the basis of a sample of French listed companies with a separate governance structure.

The Board of Directors has not set any rules regarding the frequency at which the fixed compensation of the Chairman of the Board of Directors is reviewed; however, it is understood that in practice the Board of Directors reviews this compensation regularly. A review may take place during the term of the corporate office in the event of evolution in the range of responsibilities of that function or of the Company or even in relation to market practices.

Furthermore, since 2019, a portion of that compensation is paid as a benefit in kind relating to the time of the personal assistant provided to the Chairman dedicated to his activities other than those in relation to his chairmanship of Faurecia.

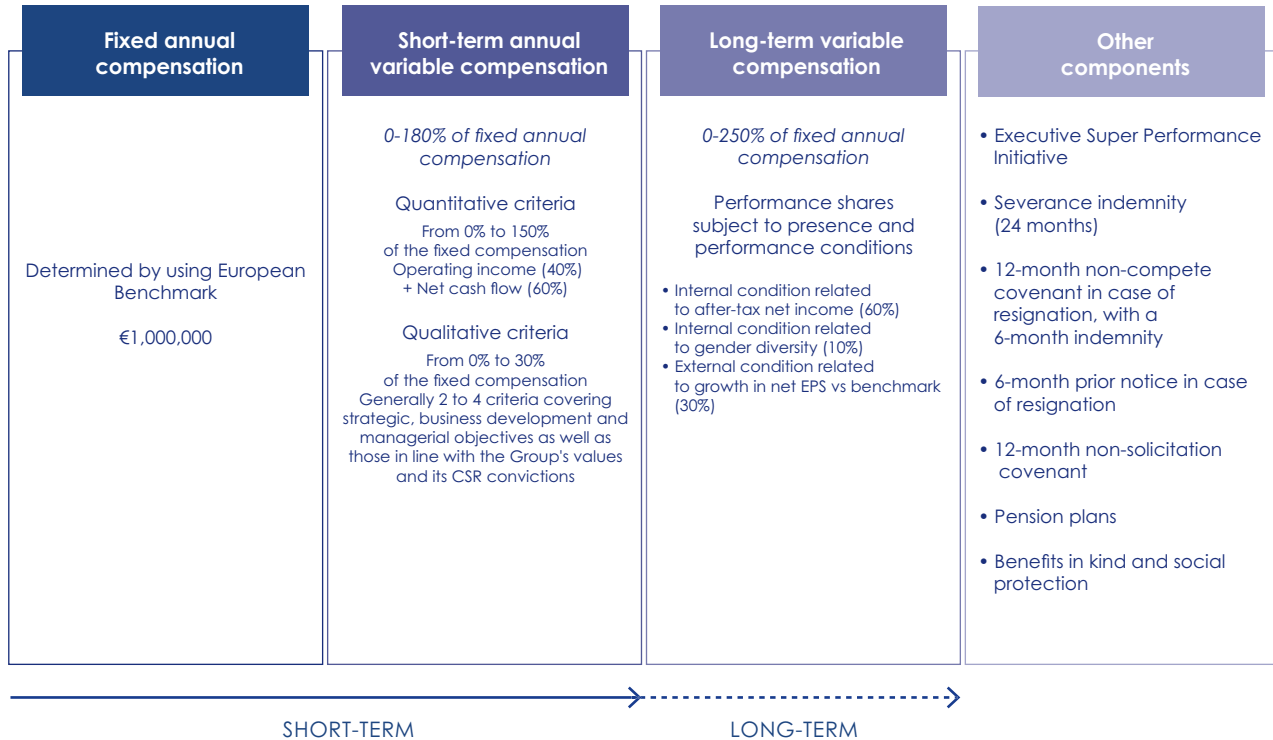
Other components of compensation

The Chairman of the Board of Directors receives the following benefits in kind: (i) a personal assistant for his activities other than those relating to the chairmanship of Faurecia and (ii) a company car.

It is also stipulated that he benefits from the medical/life/disability insurance scheme established within the Company.

3.3.4.1.3. COMPENSATION POLICY FOR THE CHIEF EXECUTIVE OFFICER

2021 CEO Compensation Policy



The Chief Executive Officer is appointed by the Board of Directors. The Board of Directors shall determine the Chief Executive Officer's term of office, which may be fixed or indefinite. The Chief Executive Officer may resign at any time, with a six months' notice period, and the Board of Directors may terminate his duties at any time without notice.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors ensures to structure the various components of the Chief Executive Officer's compensation so as to view his actions in the long term and enable an alignment of his interests with the interests of the Company and its shareholders. In this respect, the Board regularly reviews the characteristics of the compensation policy of the Chief Executive Officer and the components of his compensation to ensure these objectives are achieved.

It should be noted that the Board of Directors carried out an in-depth review in early 2020 with the Compensation Committee of the structure, undertakings and components of the Chief Executive Officer's compensation set forth in the compensation policy, and made stable and long term adjustments (except for very significant and duly justified exceptional events) to further protect the interests of the Company (adoption of a non-competition covenant, a notice and a non-solicitation/non-employment covenant) with in return an upward revaluation of the fixed annual

compensation (+11%) and the long-term variable compensation (increased up to 250% of the fixed annual compensation).

The waiver of the fixed and long-term compensation increases decided in 2020 in the context of the Covid-19 sanitary crisis is only applicable to 2020 as indicated in the Chief Executive Officer's compensation policy for 2020. These increases in compensation, which formed part of the 2020 compensation policy, approved at 96.69% in the sixteenth resolution of the Company General meeting held on June 26, 2020, are therefore applicable in 2021 and are in line with interests of the different stakeholders, including shareholders (being notably recalled that it is proposed to the General Meeting to distribute dividends).

The 2021 compensation policy is in line with the previous compensation policy. However, a change was included in order to provide for a specific variable long-term compensation aiming at stabilizing the Management team (Executive Super Performance Initiative) after completion of the distribution of the Company's shares by Stellantis.

The compensation policy, as amended, enables the Company to provide an incentive and competitive policy for its Chief Executive Officer and a protective one for the Company, but also based on stable general principles.

Fixed annual compensation

The fixed compensation for the Chief Executive Officer aims at compensating the responsibilities and tasks associated with this position by law. The amount of compensation is also set taking into account the beneficiary's skills and experience.

The amount of the compensation is also determined in consideration of a comparative study prepared for Europe by external consultants on the basis of a group of comparable industrial companies in terms of revenue, capitalization and headcount ⁽¹⁾.

The amount of the fixed compensation amounts, following the remuneration policy approved by the shareholders on June 26, 2020, to 1,000,000 euros.

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

The fixed compensation acts as a reference in determining the annual variable compensation percentage and for valuing the performance shares.

Annual variable compensation

The annual variable compensation is based on quantifiable criteria, which are predominant, and qualitative criteria, it being understood that the award of variable compensation subject to performance criteria is not reserved solely for the Chief Executive Officer. The choice of performance criteria, whether quantifiable or qualitative, is notably led by (i) the search for continuous improvement in the Company's financial and operational performance and (ii) the consideration of strategic aspects and corporate and social responsibility issues. In this way, they contribute to compensation policy objectives. These criteria are regularly reviewed and may be modified from time to time in order to continue to fully meet the objectives of the compensation policy.

The Chief Executive Officer's variable compensation may range from 0% to 180% of his fixed annual compensation depending on the achievement of the quantifiable and qualitative criteria.

1. The quantifiable criteria, which give right to variable compensation ranging from 0% to 150% of the fixed annual compensation, are linked:

- for 40%, to the operating income;
- for 60% to the net cash flow.

For each quantifiable criterion, the targets are set by the Board of Directors in relation to the budget for the current year and the variable portion varies within a range between 0% and 150% of the amount of the fixed annual compensation able to be obtained with respect to this criterion.

The expected levels of achievement of these criteria are not made public for confidentiality reasons. The achievement of the targets for these criteria is assessed annually by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of the consolidated financial statements approved by the Board of Directors.

2. The qualitative criteria, generally from two to four, give right to variable compensation ranging from 0% to 30% of the fixed annual compensation and are set each year by the Board of Directors. They cover strategic, business development and managerial objectives as well as those in line with the Group's values and its convictions in corporate and social responsibility. A weighting is assigned to each, and they are related, where possible, to quantifiable indicators. Qualitative criteria may sometimes not be made public for confidentiality reasons. The achievement of the targets for these criteria are assessed annually by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of objective information mainly stemming from internal and external documents evidencing the potential achievement of these targets.

It should be noted that payment of the variable compensation components described above is subject to the approval of all the compensation components by the Ordinary General Meeting of the Shareholders under the terms and conditions provided for by law.

Long-term variable compensation in the form of performance shares

Share-based compensation, which is based on both internal and external performance conditions, enables to strengthen the Chief Executive Officer's loyalty and focus his actions on the long term while at the same time aligning his interests with the interests of the Company and its shareholders. It thus contributes to the compensation policy objectives.

The Chief Executive Officer is eligible for the performance share plans established by the Company, subject to performance and presence conditions identical to those set for all the beneficiaries of the plans (i.e. the members of the Executive Committee and of the Group Leadership Committee).

The Company's performance share granting policy is based on long-term, simple and transparent principles. Therefore:

- performance shares are generally granted during the second half of each fiscal year;
- performance share grants are subject to internal and external performance conditions as well as a presence condition applicable to all French and foreign plan beneficiaries ⁽²⁾;

(1) The European comparative study comprises 14 European industrial companies with a comparable sales revenue or market capitalization and that either supply components in the automotive, defense or aerospace industries, or exercise activities in the steel sector.

(2) Presence condition with the usual exceptions.

- the vesting period applicable to the plans is four years as from their granting date for all French and foreign plan beneficiaries; the plans include no holding period. It is however stated that the Chief Executive Officer must hold a minimum of 30% of the shares acquired from each plan. This threshold requirement ceases to apply when the Chief Executive Officer holds a number of shares corresponding to three years of base gross compensation, factoring in all the previously established plans, and becomes applicable again if the Chief Executive Officer no longer holds the number of target shares corresponding to this level of base gross compensation.
- the number of shares attributable under each plan is determined using an external benchmark. In any event, the final grant is dependent on the achievement of performance and attendance conditions.

The performance conditions are as follows:

- 60% fulfillment of an internal performance condition related to the Group's net income after tax and before taking into account any exceptional events. This internal condition is assessed by comparing the net income of the third fiscal year after the grant date of the performance shares against the one as forecasted in the strategic plan reviewed and approved by the Board of Directors.
- 10% fulfillment of an internal performance condition related to the gender diversity within the Group's "Managers and Professionals" category. This internal condition is measured by comparing the actual percentage of women in the Managers and Professionals population of the third fiscal year after the grant date of the performance shares to the target percentage set by the Board of Directors on the grant date of the performance shares.
- 30% 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 12 comparable international automotive suppliers over the same period.

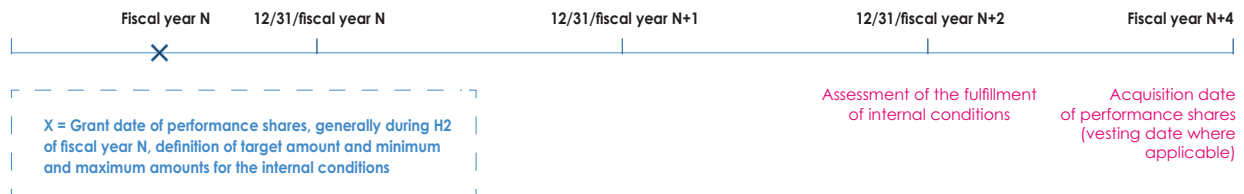
The reference group is comprised of the following European and North American automotive suppliers: Adient (Ireland/United States), Aptiv (formerly Delphi) (United States), Autoliv (Sweden), Autoneum (Switzerland), Borg Warner (United States), Continental (Germany), Hella (United Kingdom), Lear (United States), Magna (Canada), Plastic Omnium (France), Tenneco (United States) and Valeo (France).

This group is intended to be stable over time and may be modified only in the event of significant evolution concerning one of its constituents, in particular in the event of a takeover, merger, de-merger, absorption, dissolution, disappearance or change in business, subject to maintaining the overall consistency of the reference group and enabling an external performance condition consistent with the external performance objective set for the grant to be applied.

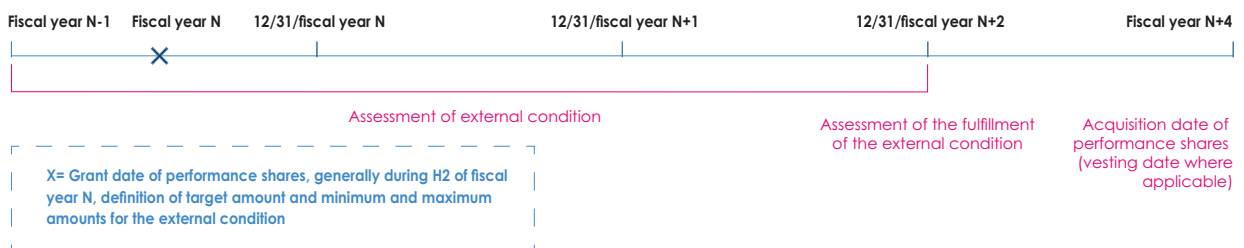
The achievement of these conditions is assessed by the Board of Directors, on the recommendation of the Compensation Committee, on the basis of (i) the consolidated financial statements approved by the Board of Directors (and after necessary adjustments) concerning the internal performance condition related to the Group's net income, (ii) the Faurecia group's Human Resources reporting concerning the internal performance condition related to gender diversity and (iii) a calculation performed by an external company specialized in compensation on the basis of the consolidated financial statements approved by the competent body of companies part of the reference group and by Faurecia, concerning the external performance condition related to net earnings per share.

The plans are constructed as follows:

Internal conditions (net income and gender diversity)



External condition (net earnings per share)



The maximum amount of grant represent no more than 250% of the fixed annual compensation of the Chief Executive Officer. The Company's long-term compensation practices are reexamined on a regular basis to ensure their compliance with best market practices.

The Chief Executive Officer makes a formal commitment not to hedge the risk of the performance shares granted to him.

A one-off long-term retention plan: Executives Super Performance Initiative (ESPI)

After more than 20 years with a majority controlling shareholder, the Company is facing a transformational evolution with the distribution of the Faurecia shares held by Stellantis, its main shareholder, to its own shareholders. While the distribution of the Faurecia shares was contemplated since the first announcement on the PSA/FCA merger dated October 31, 2019, the timing of such distribution changed: the Faurecia shares will be distributed after the closing of the merger (and not prior as initially contemplated), and as a consequence, to all Stellantis shareholders and not to PSA shareholders only (as initially planned). This change will have a significant impact on the future shareholding base of the Company, with a larger number of anglo-saxon investors, especially coming from the FCA shareholding.

In anticipation to the implementation of the distribution and during interactions with future investors, concern from a number of these new investors has been expressed about retention of the Executive Committee's members following completion of this transaction, at a time when management stability will be crucial.

Further, the distribution of Faurecia shares will increase the visibility of Faurecia on the market, as well as the attractiveness of its pool of leaders, reinforced by their capability to manage turnaround as demonstrated by the resilience of the Group in recent years.

Consequently, in the interest of shareholders and future shareholders, the Board of Directors deemed necessary to strengthen the retention of the Executive Committee team. Collectively recognized as a key factor in the Group's long-term success, over a sufficient period of time, the Executive Committee will ensure implementation of the Company's performance and growth strategy, aiming to create long term value in the best interest of all stakeholders.

In order for this primary objective to be achieved, the Board of Directors intends to implement in 2021 a one-off long-term performance shares plan, named Executive Super Performance Initiative (ESPI).

The main characteristics of this vehicle, which is not a recurring one, are different from existing performance share plans regularly put in place by Faurecia and are the following:

- **Beneficiaries:** the plan will be applicable to the members of the Executive Committee, including the Chief Executive Officer;
- **Duration:** the vesting period will be five years, with no holding period which is a duration typically used for major transformational journeys and will ensure the stability in the strategic post distribution period. The beneficiaries will be required to be present for the full five years, except in usual derogation cases (death, invalidity), it being noted that retirement can only be recognized as a derogation at the discretion of the Board of Directors, after three years of vesting at least and subject to proratisation of the acquisition rights;
- **Maximum total pay-out:** the maximum amount of the grant for each beneficiary may not represent, on grant date, more than 300% of his/her fixed annual compensation, with total payout capped at €2,000,000;

- **Performance:** performance will be assessed over the vesting period based on one or several demanding conditions rewarding long-term value creation and feeding the alignment with shareholders' interests. In that respect, it is considered to use the Total Shareholder Return (TSR) against the TSR of a reference peer group, in line with standard market practice. Detailed information on ESPI implementation will be provided in the Board of Directors' report on draft resolutions proposed to the General Meeting to be held on May 31, 2021.

Pension schemes

The Chief Executive Officer benefits from the same pension scheme as the one provided for the other members of the Group's Executive Committee with a French contract.

This plan includes a supplementary defined contributions pension scheme, which benefits to all Group's executives in France, and a supplementary defined benefits pension scheme. This defined benefit supplementary pension plan is subject to performance conditions.

Supplementary defined contributions pension scheme

The Chief Executive Officer is a beneficiary of the defined contribution plan (Article 83 of the French General Tax Code), open to all Group executives in France with at least one year's seniority at the time of retirement.

This plan covers tranches A and B of the beneficiary's compensation and entitles the beneficiary to contributions of 1% on tranche A and 6% on tranche B of the compensation, with no contribution by the beneficiary.

Supplementary defined-benefits pension plan (Article 39 of the French General Tax Code) subject to performance conditions

Supplementary pension for periods of employment prior to January 1, 2020

The Chief Executive Officer, affiliated to the plans before July 4, 2019, is eligible for a defined benefit pension supplement comprising two components: (i) a component, which was subject to eligibility conditions and open until July 3, 2019, to all Group's executives in France described in Section 3.3.1.2.2.4 "Pensions" above and (ii) an additional component implemented, also subject to eligibility conditions, for the benefit of members of Faurecia's Executive Committee (PAPP). For the Chief Executive Officer, these two plans are subject to performance conditions.

Provided that he ends his professional career within the Group (subject to exception), the Chief Executive Officer is likely to receive an annuity under these plans, whose characteristics are described in Section 3.3.1.2.2.4 "Pension schemes" above.

In order to comply with law No. 2019-486 of May 22, 2019 said "Pacte law" and Order No. 2019-697 of July 3, 2019 transposing the Directive on supplementary pension rights' portability, the two components of the defined benefits pension scheme applicable to the members of the Executive Committee, and from which the Chief Executive Officer benefits, were closed as of July 4, 2019, and the rights of potential beneficiaries were frozen as of December 31, 2019.

Given the freeze of rights, with effect from December 31, 2019, the Chief Executive Officer can no longer vest additional rights under these plans as of January 1, 2020.

Vested supplementary pension rights for periods of employment after January 1, 2020

Following the freezing of past non-vested rights under defined benefits pension schemes governed by Article L. 137-11 of the French Social Security Code, Faurecia implements a vested rights supplementary pension scheme for rights relating to periods of employment after December 31, 2019 that complies with the new legal requirements set out in Article L. 137-11-2 of the French Social Security Code.

Thus, the Chief Executive Officer would be eligible to benefit from this new vested rights supplementary pension scheme governed by Article L. 137-11-2 of the French Social Security Code, which would have the following characteristics (PAPP2):

- eligibility conditions and other conditions for entitlement:
 - being a member of Faurecia's Executive Committee,
 - with a current or suspended employment contract or a corporate term of office in France,
 - rights definitively vested after 3 years on Faurecia's Executive Committee;
- reference salary equal to the gross salary (base and variable, excluding exceptional items) received during the year of membership of the Executive Committee;
- rate of vesting: 0% to 3% of the annual reference salary depending on the achievement of performance conditions;
- enhanced performance conditions conditioning the vesting of rights and under which, below a minimum target, no vested rights may be granted.

The performance conditions are as follows:

- based on Faurecia's operating income:
 - 2.7% if the operating income is higher than 100% of the budgeted operating income,
 - 1.8% if the operating income amounts to between 95% and 100% of the budgeted operating income,
 - 0.9% if the operating income amounts to between 75% and 95% of the budgeted operating income,
 - 0% if the operating income is lower than 75% of the budgeted operating income;
- based on the level of achievement of annual variable compensation (FVC) targets:
 - 0.3% if the level of targets achievement is higher than 100%.
 - 0.2% if the level of targets achievement amounts to between 95% and 100%.
 - 0.1% if the level of targets achievement amounts to between 75% and 95%.
 - 0% if the level of targets achievement is lower than 75%.

If the level of achievement of one of the conditions is lower than 75%, no right can be granted for the given year.

- Rights acquired under the plan covered by Article L. 137-11-2 of the French Social Security Code, are capped at 30 points per beneficiary.
- Furthermore, given that the current Chief Executive Officer is the beneficiary of rights provided by other supplementary plans offered by the Group (including the PAPP), the aggregate amount of rights under these plans and the plans governed by Article L. 137-11-2 of the French Social Security Code in force within Faurecia will be capped as follows:
 - the sum of pensions under the new plan and other supplementary plans offered by the Faurecia group (including the PAPP), is limited to eight times the Annual Social Security ceilings (€329,088 in 2020),
 - the sum of rights vested under the new plan and other supplementary plans offered by the Faurecia group (including the PAPP), may not exceed 25% of the average annual reference remuneration received over the last three calendar years,
 - the annual amount of the total retirement pensions paid under the compulsory plans (basic state plan and supplementary AGIRC-ARRCO plan) and Faurecia group's specific plans may not exceed 45% of the average annual gross reference salary received during the last three calendar years preceding the date of the cessation of activity or the departure from the Executive Committee, whichever occurs earlier.

If one of these ceilings is exceeded, rights under the conditional pension scheme PAPP will be reduced by the same amount so that the cumulative amount of pensions does not exceed one of the ceilings described above. However, the application of these ceilings may not, under any circumstances, reduce the rights vested after January 1, 2020 under this plan.

- Financing outsourced to an insurance company, to which contributions will be paid annually.

As reminded in the introduction of this section "Pension", the Chief Executive Officer was also eligible to the Defined Benefits Plan applicable to all employees in tranche C having a cash compensation higher or equal to €164,500 (Tranche C), that has been crystalized in December 31, 2019. Faurecia intends to implement a new Defined Benefit Pension Plan (Tranche C 2) to replace this initial plan, to which the Chief Executive Officer would be eligible.

The main characteristics of the plan would be as follows : future rights will vest immediately, based on yearly reference salary, it being specified that for the Chief Executive Officer, yearly rights acquisition will be conditioned to the achievement of two performance conditions, similar to those applied to the PAPP 2, counting each for 50%. The trigger threshold for each condition will be 75% of the target to vest 50% of the related pension rights. Between 75% and 100% of achievement, the vesting will be linear. If the level of achievement of one of the two conditions is less than 75%, no pension right will be granted for the considered year. The maximum yearly rights will not exceed €1,645 euros (i.e. 1% of €164,500). In any case, the sum of the vested rights stipulated under Tranche C 2 and PAPP 2 will not exceed 3% of

compensation per year in line with French regulation. The financing of the regime will be external, with an insurance company to which yearly contributions will be paid by Faurecia.

Severance payment

The Board of Directors may decide to grant the Chief Executive Officer a termination payment subject to performance conditions.

This payment is backed by granting conditions in accordance notably with the AFEP-MEDEF Code:

- the payment is due in case of termination of the Chief Executive Officer's term of office on the Company's initiative, subject to his not being terminated due to serious or gross misconduct;
- the payment is not due in case of resignation or retirement;
- the payment is subject to the achievement of the following performance conditions:
 - achievement of a positive operating income during each of the three fiscal years 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 payment is equal to 24 months of the reference compensation calculated on a total compensation basis (annual fixed and variable) paid with respect to the 12 months preceding the termination of his corporate office (the "Reference Compensation"). This payment is due if the two conditions described above are fulfilled in each of the three fiscal years concerned, which in practice amounts to the fulfilment 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.

Non-compete, non-solicitation, non-poaching and prior notice covenants

Given the nature of the Chief Executive Officer's duties and the responsibilities entrusted to him and for the sole purpose of protecting the Company's legitimate interests, a non-compete covenant may be put in place for the Chief Executive Officer in the following conditions.

In case of resignation, the Chief Executive Officer is bound by a non-compete covenant prohibiting him, for a period of 12 months following the termination date of his office, (i) from soliciting the Group's customers or convincing such persons to terminate their business relationship with the Group, (ii) from exercising management, executive, administrative or supervisory duties as an employee or officer of a competitor company and (iii) from acquiring or holding shares (or other securities) representing more than 5% in the share capital of a competitor company.

In consideration for this undertaking, the Chief Executive Officer may receive throughout the period of this undertaking, a monthly payment equal to half of the reference compensation (annual fixed and variable) paid with respect to the 12 months preceding the resignation.

The Board of Directors may unilaterally waive the implementation of this undertaking, within 30 calendar days at the latest, upon the departure of the Chief Executive Officer (in which case the payment will not be due).

The maximum overall payment amount that the Chief Executive Officer will be eligible to receive with respect to the non-competition and/or severance payment may not exceed 24 months of his Reference Compensation.

In addition, in the event of the resignation of the Chief Executive Officer, the Board of Directors may decide that the latter must give six months' notice. In this case, the resignation shall become effective at the expiration of the 6-month notice period (starting from the date of notification of the resignation). The Board of Directors may waive or reduce such six-month notice period. In such a case, the notice period indemnity will be reduced accordingly to the effectively worked period.

Lastly, the Chief Executive Officer is bound by a non-solicitation/non-poaching obligation for a period of 12 months from his departure date from the Group.

Benefits in kind and social protection schemes

The Chief Executive Officer is eligible for a company car.

It is also stipulated that he benefits from the medical/life/disability insurance scheme established within the Company.

He does not receive compensation with respect to his corporate office as a Board member of the Company.

3.3.4.1.4. POTENTIAL CHANGE OF GOVERNANCE AND CIRCUMSTANCES

To the extent a new Chairman of the Board of Directors (separate from the CEO) or a new Board member is appointed, the compensation policies for the Chairman of the Board of Directors and the Board members, respectively, described above would apply to them.

To the extent a new Chief Executive Officer or one or more Deputy Chief Executive Officers would be appointed, the compensation policy for the Chief executive Officer as described above would apply to them. The Board of Directors, on the recommendation of the Compensation Committee, would then, by adapting them to the parties concerned, set the amount of the fixed annual compensation, as well as the other elements of the compensation, in particular the objectives, performance levels, parameters, structure and maximum percentages, in relation to their fixed annual compensation.

It is specified that the Board of Directors, upon proposal from the Compensation Committee, may decide to adjust the variable compensation (annual and long-term) provided

under the Chief Executive Officer's compensation policy. Exceptionally, this adjustment may affect, both upward and downward, one or several criteria (including adding or substituting new criteria) and/or their respective weighting and/or objectives of the criteria of the Chief Executive Officer's variable compensation (annual and long-term) so as to make sure this compensation reflects both the Chief Executive Officer's and the Group's performance.

This option can only be used by the Board of Directors, upon proposal from the Compensation Committee, in the event of exceptional circumstances resulting in particular from an unexpected change in the competition environment, a significant change in the Group's scope following a merger or sale, the acquisition or creation of a significant new business activity or the suppression of a significant business activity, a change in accounting method or a major event affecting the markets and/or the Group's business sector. Any decision on derogation must be temporary and duly motivated.

Resolutions submitted to the General Meeting

The resolutions relating to the compensation policy for corporate officers that will be submitted to the General Meeting of May 31, 2021 will be included in the prior notice, which will be published in the Legal Announcements (*Bulletin des Annonces Légales Obligatoires*) and which will also be available on the Company's website.

3.3.4.2. Implementation in 2021

3.3.4.2.1. COMPENSATION OF MICHEL DE ROSEN, CHAIRMAN OF THE BOARD OF DIRECTORS, IN RESPECT OF 2021

On the recommendation of the Compensation Committee, the Board of Directors, at its meeting of February 19, 2021, decided that the Chairman of the Board of Directors would benefit, for 2021, from all the compensation components provided for in the compensation policy for 2021.

Fixed annual compensation

The Chairman of the Board of Directors benefits from a fixed annual compensation under the terms set out in the 2021 compensation policy.

The Board of Directors, on the recommendation of the Compensation Committee, decided to maintain the Chairman's compensation unchanged at €300,000, it being specified that this ceiling includes, since 2019, the amount of the benefits in kind corresponding to the time during which the personal assistant is made available to the Chairman for activities other than those relating to his Chairmanship of Faurecia.

Benefits in kind and social protection schemes

The Chairman of the Board of Directors receives benefits in kind and social protection schemes according to the terms set out in the 2021 compensation policy.

3.3.4.2.2. COMPENSATION OF PATRICK KOLLER, CHIEF EXECUTIVE OFFICER, IN RESPECT OF 2021

On the recommendation of the Compensation Committee, the Board of Directors, in its meeting held on February 19, 2021 decided that the Chief Executive Officer would receive, for 2021, the compensation items provided for in the 2021 compensation policy.

Fixed annual compensation

The Chief Executive Officer benefits from a fixed annual compensation under the terms set out in the 2021 compensation policy. This fixed annual compensation amounts to €1,000,000.

Annual variable compensation

The Board of Directors, on the recommendation of the Compensation Committee, has set, in accordance with the terms of the 2021 compensation policy, the ceiling for the annual variable compensation at 180% of the fixed annual compensation of the Chief Executive Officer.

The portion of quantifiable criteria in the annual variable compensation for 2021 remains unchanged at 150% of the fixed annual compensation. This is also true for the two quantifiable criteria used and their weighting, namely operating income at 40% and net cash flow at 60%.

The portion of qualitative criteria in the annual variable compensation for 2021 amounts to 30% of the fixed annual compensation.

The two qualitative criteria set by the Board of Directors in application of the 2021 compensation policy and their respective weighting are as follows:

- implement the strategy (70%). This criterion will be assessed mainly with a focus on the following sub criteria: (i) Group order intake, (ii) Clarion Electronics Business Group and hydrogen order intakes as well as (iii) a CSR sub-criteria related to the implementation of two of the main CSR initiatives of the Group: CO2 neutrality and diversity in line with the sustainability convictions defined by the Group and the related roadmap detailed in Chapter 4 "Extra-financial performance";
- secure the transition to the modification of the Company shareholder base, from a company with a main shareholder to a company with a significant free float (30%). Mainly (i) identifying and creating a new stable shareholder base and (ii) make the operation well received by investors.

Performance shares grant

The Chief Executive Officer will benefit from a performance shares grant according to the terms provided for in the 2021 compensation policy.

One-off long term retention plan: Executives Super Performance Initiative (ESPI)

The Chief Executive Officer will benefit from the one-off long term retention plan (ESPI) according to the terms provided for in the 2021 compensation policy.

Pension schemes

The Chief Executive Officer benefits from defined contribution and defined benefits pension scheme provided for by the 2021 compensation policy.

Non-competition indemnity, prior notice and non-solicitation/non-poaching

The Chief Executive Officer is subject to a non-compete covenant in the event of his resignation with an indemnity, prior notice in case of resignation and a non-solicitation/non-poaching obligation in accordance with the terms set out in the 2021 compensation policy.

Severance payment

The Chief Executive Officer benefits from a termination payment according to the terms outlined in the 2021 compensation policy.

Benefits in kind and social protection schemes

The Chief Executive Officer receives benefits in kind and social protection schemes according to the terms set out in the 2021 compensation policy.

3.3.4.2.3. COMPENSATION FOR BOARD MEMBERS IN RESPECT OF 2021

The amounts set for each meeting of the Board, and where applicable of the Committees, are shown in Section 3.3.2. "Board members' compensation for fiscal years 2019 and 2020"; they were renewed for 2021 by the Board of Directors on February 19, 2021.

It is specified that in accordance with the 2021 compensation policy, meetings of the ad hoc committee and, where applicable, the Board seminary will be compensated.

3.4. Summary of compliance with the recommendations of the AFEP-MEDEF Code

The AFEP-MEDEF Code requires detailed reporting on the application of its recommendations and explanations to be provided, if applicable, as to why a company may not have implemented some of them. As of the end of the 2020 fiscal year, Faurecia did not entirely comply with the recommendations contained in the AFEP-MEDEF Code on the following issues.

| AFEP-MEDEF Code recommendations | Explanations – Practice followed by the Company |
|--|--|
| <p>10.2 Board of Directors' assessment <i>"The assessment is based on three objectives:</i></p> <ul style="list-style-type: none"> ■ (...); ■ (...); ■ <i>assess the actual contribution of the Board member to the Board's work."</i> | <p>During the assessment of the functioning of the Board of Directors with respect to the 2018 fiscal year, which was conducted externally by a leading specialist consultancy, the Board conducted a detailed and in-depth assessment of its functioning by including a review of the actual individual contribution of each Board member, and each Board member was asked to assess their own contribution but also that of their peers, with individual feedback by the Chairman of the Board of Directors.</p> <p>Between each three-year external assessment, the assessment of the functioning of the Board of Directors is performed internally each year based on a detailed questionnaire prepared by the Secretary of the Board of Directors and reviewed with the Chairman of the Governance, Nominations Committee and Sustainability Committee). In particular, it includes the contribution of each Board member to the Board's work and comments may be made, if the Board member wishes, on the contribution of other members.</p> |
| <p>25.6.2 Supplementary defined-benefit pension schemes set out according to Article L. 137-11 of the French Social Security Code <i>"These supplementary pension schemes are subject to the condition that the beneficiary is a corporate officer or employee of the company at the time when they claim their pension rights in application of the rules in force."</i></p> | <p>The eligibility of members of the Executive Committee, including the Chief Executive Officer, for the pension scheme whose rights have been frozen as of December 31, 2019, is subject to the obligation that they end their professional career within Faurecia. By way of exception to this principle, it seems justified, in the event of invalidity or termination by the Group from the age of 60, that the right to the frozen pension scheme should be maintained. In the event of termination by the Group, entitlement to the scheme is only maintained in the case that the beneficiary does not take on any other professional work. This provision must give the Company more flexibility in managing the departure of Executive Committee members from the age of 60.</p> |
| <p>24.4 Conclusion of a non-competition agreement with an executive corporate officer <i>"The Board also provides that the payment of the non-competition indemnity is excluded when the executive exercises their retirement rights. In any event, no indemnity may be paid beyond the age of 65."</i></p> | <p>The Board of Directors, on the recommendation of the Compensation Committee, carried out an in-depth review of the structure and components of the Chief Executive Officer's compensation in 2020 as part of the development of the compensation policy, and decided in particular to submit the Chief Executive Officer to a non-competition undertaking. This mechanism was approved, as part of the compensation policy for the Chief Executive Officer, by the General Meeting of June 26, 2020 under Resolution No. 16.</p> <p>The non-competition undertaking, which lasts 12 months, will apply in the event of the resignation of the Chief Executive Officer. In consideration for this undertaking, the Chief Executive Officer may receive throughout the period of this undertaking, a monthly payment equal to half of the reference compensation (annual fixed and variable) paid with respect to the 12 months preceding the resignation.</p> <p>The non-competition agreement does not expressly provide for a restriction on the payment of the indemnity when the person concerned claims his pension rights, as this principle is now provided for by law.</p> <p>In addition, the non-competition agreement does not provide for an age limit for the payment of the non-competition indemnity. The Board of Directors considers that this recommendation of an age limit is not compatible with the objective of protecting the Group's interests, as the implementation of a non-competition undertaking is intended to protect the Group's governance on a permanent basis against a departure of its executive to a competitor. Compensation for such an undertaking is customary and eliminating it beyond the age of 65, when many former executive directors continue to work after that age, does not seem to be in line with the objective of protection sought.</p> <p>The payment of this indemnity is not, however, automatic, as the Board of Directors reserves the right, in light of the circumstances that it will assess and on a discretionary basis, to apply or not apply the non-competition undertaking. If the Board of Directors waives the application of the non-competition undertaking, the non-competition indemnity will not be due to the Chief Executive Officer for the period waived by the Company.</p> |

3.5. Shareholding by corporate officers and transactions in the Company's securities

3.5.1. Shares held by corporate officers

Pursuant to the bylaws, each Board member must hold at least 20 Faurecia shares throughout the term of office.

Furthermore, the internal rules of the Board of Directors provide that each Board member must hold 500 shares in the Company, including 20 shares provided for in the bylaws, during the entire term of their corporate office. However, Board members who do not receive compensation in respect of their directorship are only required to hold 20 shares provided for in the bylaws and, in accordance with the law, Board members representing employees are not required to hold a minimum number of shares.

The internal rules of the Board of Directors' also state that the Chairman of the Board of Directors must hold shares corresponding to one year's compensation (including the

500 shares held as a Board member) and must comply with this obligation within two years of being appointed as Chairman.

As at December 31, 2020 and as at the date of this Universal Registration Document, corporate officers held less than 0,1% of the Company's capital and voting rights.

Details of the number of shares held by each corporate officer are included in the summary table in Section 3.1.2.1 "General information on the composition of the Board of Directors" and in the Board members' biographies in Section 3.1.2.2 "Board members' expertise, positions and corporate offices as of the date of this Universal Registration Document." This information shows that all Board members in office comply with the shareholding obligations set by the bylaws and internal rules.

3.5.2. Transactions in the Company's securities by corporate officers

Code of Conduct

Since April 14, 2010, the Company has a Code of Conduct for Group employees and executives who have access to insider information by virtue of their positions and offices, with provisions on the management, ownership and disclosure of such information. This Code was amended, for the last time, by the Board of Directors during its meeting held on December 18, 2019. It is available on the governance page of the Company's website (www.faurecia.com).

Under the measures to prevent insider trading within the Group, the Code provides, among others, for blackout periods that require corporate officers as well as persons who have regular or occasional access to accounting or financial information before publication to refrain from trading in Faurecia shares during certain periods surrounding the publication of interim results, annual results and quarterly sales. These periods are as follows:

- 30 calendar days prior to the publication of the press release on annual or interim results, this period includes the date of publication;
- 15 calendar days prior to the publication of the quarterly sales, this period includes the date of publication.

The Code also describes the disclosure requirements for securities transactions, which apply to persons with managerial responsibilities within the meaning of the EU Regulation on market abuse and to persons closely associated with them, and lists the transactions to be disclosed since the regulation entered into force. In accordance with the applicable regulations, corporate officers were informed of disclosure requirements for securities transactions applicable to them as well as to their close associates.

The Code also states that when there is any doubt relating to the information held, the persons concerned must inform the Group's Chief Financial Officer who, in their capacity as compliance officer, will have 24 hours to offer an opinion on the planned transaction.

Lastly, the Code notes the obligation that corporate officers hold shares in registered form and, more generally, the sanctions for insider trading or disclosure of insider information.

Inside Information Committee

The Company has set up an Inside Information Committee whose role is to identify and qualify inside information on a case-by-case basis, and then to decide whether or not to defer the publication of this information with regard to the applicable regulations, the positions and recommendations of the *Autorité des Marchés Financiers* (AMF) and the guidelines of the European Securities and Markets Authority.

Transactions in securities

The transactions performed during the fiscal year ended December 31, 2020 by corporate officers and their close relatives and who have been reported to the *Autorité des Marchés Financiers* (AMF) and the Company, in application of the applicable regulatory requirements, are presented in the table below:

| Declarant | References of the AMF decision/notice | Financial instrument | Number | Transaction type | Date of transaction | Date of receipt of the declaration | Transaction venue | Unit price | Amount of transaction |
|-------------------------------|---------------------------------------|----------------------|-----------|--|---------------------|------------------------------------|-------------------------|------------|-----------------------|
| Patrick KOLLER ⁽¹⁾ | 2020DD694103 | Shares | 45,771 | Delivery of performance shares | July 25, 2020 | July 28, 2020 | Outside a trading venue | N/A | N/A |
| FFP ⁽²⁾ | 2020DD701084 | Shares | 510,000 | Partial asset contributions ⁽³⁾ | September 16, 2020 | September 21, 2020 | Over-the-counter | N/A | N/A |
| Peugeot S.A ⁽⁴⁾ | 2020DD707501 | Shares | 9,663,000 | Disposal | October 29, 2020 | November 2, 2020 | Euronext Paris | €31.90 | €308,249,700 |

(1) Delivery of shares following the granting of performance shares by Faurecia's Board of Directors on July 25, 2016 (plan No. 8).

(2) Legal entity linked to Robert Peugeot, Board member.

(3) Final completion of partial asset contributions to Maillot I (i) by Établissements Peugeot Frères of 26,298,895 Peugeot shares, and (ii) by FFP (x) of 84,323,161 Peugeot shares, as well as the profit and expense of the equity swap agreement entered into with Natixis on March 6, 2020, maturing on June 30, 2021, and (y) of 510,000 Company shares.

(4) Peugeot S.A. made this declaration as a legal entity linked to the members of the Board of Directors (Olivia Larmaraud, Grégoire Olivier, Robert Peugeot and Philippe de Rovira).

3.6. Declarations of the members of the Board of Directors and Executive Management

Within the framework of an active conflict of interests management policy and to collect the information required under Annex 1 item 12 of European Regulation No. 2019/980, each year the Company notably provides its Board members with a detailed questionnaire allowing them to obtain the information required and thus make the necessary declarations.

To the Company's knowledge and on the date this Universal Registration Document was drawn up, there is no family relationship between Faurecia's corporate officers.

Moreover, to the Company's knowledge and on the date this Universal Registration Document was drawn up, none of the members of the Board of Directors and Executive Management have, within the last five years:

- been found guilty of fraud;
- been incriminated by a statutory or regulatory authority (including designated professional bodies), with the exception of Jean-Bernard Lévy under the conditions described hereafter. Following an investigation from the *Autorité des Marchés Financiers* (AMF) in July 2016 concerning EDF's financial information since July 1, 2013, objections have been notified by the the Board of the AMF to the Chairman and Chief Executive Officer of EDF on April 5, 2019. Jean-Bernard Lévy has been cleared by a decision, that has become final on this matter, from the Sanctions Commission of the AMF dated July 28, 2020;
- publicly sanctioned by a statutory or regulatory authority (including designated professional bodies);
- been banned by a tribunal from serving as a member of an administrative, management or supervisory body or from being involved in the management of an issuer;
- been involved in bankruptcy, receivership, liquidation or administration proceedings while they served as a member of an administrative, management or supervisory body, with the exception of Penelope Herscher who was Chairwoman of the Board of Directors of FirstRain Inc., which voluntarily filed under Chapter 11 of the U.S. Bankruptcy Code in 2017 before being sold several months later to Ignite Technologies.

To the Company's knowledge and on the date this Universal Registration Document was drawn up, no potential conflicts of interest have been identified between the duties of each of the members of the Board of Directors and the Executive Management with regard to the Company and their private interests and/or other duties. It is specified that one Board member, Peter Mertens, has a minority interest in a start-up in which the Group has made a very small investment (less than 0.03% of sales of the fiscal year during which the investment was made (2019)) and was appointed, in November 2019, as

a Board member of this company. It is noted that this investment was made before Peter Mertens was actually appointed as a Board member of the Company, that the investment conditions are similar for all minority investors (including the Company), that the Company does not have a voting right on the Board of Directors of this start-up and that decisions on this investment are not taken at the level of the Company's Board of Directors. Furthermore, in the event of a conflict of interest, the provisions of the internal rules will apply (for more details regarding these rules please refer to Section 3.1.3.1 "Organization of the Board of Directors", paragraph "Board members' obligations").

It should also be noted that in the context of the potential change to the Company's shareholding structure in connection with the planned distribution of the Company's shares by Stellantis (company resulting from the PSA/FCA merger) to its shareholders, the Board of Directors decided at a meeting held on December 18, 2019 to create an ad hoc committee, acting on a recommendation from the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee) and in accordance with best governance practices. The missions of the ad hoc committee are detailed in Section 3.1.4.4.2 "Roles and responsibilities of the ad hoc committee in 2020 and report on its activity" of this Universal Registration Document.

To the Company's knowledge and on the date this Universal Registration Document was drawn up, there was no arrangement or agreement entered into with the major shareholders, customers, suppliers or others under whose terms one of the members of the Board of Directors or Executive Management was appointed to their role.

Finally, to the Company's knowledge and on the date this Universal Registration Document was drawn up, no restriction has been accepted by members of the Board of Directors or Executive Management regarding the disposal, within a certain period of time, of their holdings in the Company's, except for (i) the provisions of the bylaws and internal rules regarding shareholding (see Section 3.5.2 "Transactions in the Company's securities by corporate officers" of this Universal Registration Document) and the retention obligation linked to allocations of performance shares for the Chief Executive Officer under the terms of which they must retain at least 30% of the shares actually acquired under each plan. This threshold requirement ceases to apply when the Chief Executive Officer holds a number of shares corresponding to three years of base gross compensation, factoring in all the previously established plans, and becomes applicable again if the Chief Executive Officer no longer holds the number of target shares corresponding to this level of base gross compensation.

3.7. Authorizations relating to sureties, endorsements and guarantees

In accordance with the law and bylaws, the Board of Directors can, within the limit of a total amount which it fixes, authorize the Chief Executive Officer to issue sureties, endorsements and guarantees on behalf of the Company.

In its meeting held on July 22, 2019, the Board of Directors authorized the Chief Executive Officer to issue sureties, endorsements and guarantees within the limits of a global amount of €50 million, up to a limit of €10 million per transaction, for a one-year period. If the Group is required to provide advance payment guarantees or performance bonds

for contracts with successive partial deliveries, the Chief Executive Officer is authorized to provide guarantees representing a maximum of €5 million per transaction. It is specified that sureties, endorsements and guarantees provided to tax and customs regimes may be given without any limit on the amount.

Since the previous authorization had expired, the Board of Directors, in its meeting held on July 24, 2020, decided to renew the authorization granted to the Chief Executive Officer, according to the same terms as described above.

3.8. Agreements

3.8.1. Related-party agreements

The Statutory Auditor's special report on related-party agreements is included in Section 3.8.4 below.

It does not mention any ongoing related-party agreements.

3.8.2. Procedure for assessing ordinary and normal agreements

In accordance with the applicable provisions, the Board of Directors of April 17, 2020 adopted, on the recommendation of the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee), a procedure to assess ordinary agreements entered into under normal conditions (unregulated agreements) and regulated agreements.

This internal document formalized the procedure applicable to the identification and qualification of agreements prior to their conclusion or amendment. It sets out the role of the Legal department in this assessment process as well as the rules to

be taken into account when examining these agreements. The methods used by the Governance, Nominations and Sustainability Committee and the Board of Directors to assess the procedure are also described. It is specified that, as far as possible, the person directly or indirectly affiliated with one of these agreements may not take part in its assessment.

Implementation during the 2020 fiscal year was reviewed by the Governance and Nominations Committee (from now on named Governance, Nominations and Sustainability Committee) at its meeting of December 9, 2020 and reported to the Board of Directors' meeting on December 10, 2020.

3.8.3. Service contracts

To the Company's knowledge and on the date this Universal Registration Document was drawn up, there is no service

contract linked a Board member with Faurecia or any of its subsidiaries.

3.8.4. Statutory Auditors' special report on related-party agreements

Year ended December 31, 2020

General Meeting held to approve the financial statements for the fiscal year ended December 31, 2020

This is a 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 Annual General Meeting of Faurecia,

In our capacity as Statutory Auditors of Faurecia, we hereby report to you our special report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements prior to their approval.

Where applicable, it is also our responsibility to provide you with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this type

of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements submitted for approval to the Annual General Meeting

AGREEMENTS AUTHORIZED DURING THE YEAR ENDED 2020

We hereby inform you that we have not been notified of any agreements authorized during the year ended 2020 to be submitted to the Annual General Meeting for approval in accordance with Article L.225-38 of the French Commercial Code (Code de commerce).

Agreements previously approved by the Annual General Meeting

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting, whose implementation continued during the year ended 2020.

Courbevoie and Paris-La Défense, February 22, 2021

The Statutory Auditors

MAZARS

David Chaudat

Grégory Derouet

ERNST & YOUNG Audit

Jean-Roch Varon

Guillaume Brunet-Moret

3.9 Other information

The table summarizing the delegations in force granted by the General Meeting in relation to capital increases and the use made of these delegations during the fiscal year is included in Chapter 5, Section 5.2.1 "Authorized capital stock" in this Universal Registration Document.

The specific conditions governing shareholders' participation in the General Meeting or the provisions of the bylaws which outline these conditions are included in Chapter 6, Section 6.1 "Legal Information".

Finally, factors likely to affect a public takeover bid or exchange are described in Chapter 6, Section 6.1 "Legal Information".

4

Extra Financial Performance

| | | | |
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4.1. Faurecia's Corporate Social Responsibility strategy

4.1.1. Faurecia's convictions for a sustainable development



In the last two decades, Faurecia has undergone major expansion on an international scale. Over the same period, the main global challenges (urbanization, demographic growth, technological changes, and climate change) have continued to intensify, with ever greater impacts on the world economy.

Faced with these profound changes, the Group has placed sustainable development at the heart of its transformation strategy, whose ambition is to have a positive impact on society and create sustainable value for all of its stakeholders. Anchored in the Group's values and vision, this ambition is expressed through its six **Corporate Social Responsibility (CSR)** convictions for a more responsible world, developed in 2018, which form the basis of its commitment:



On a daily basis, CSR convictions are driven by the cultural model Being Faurecia, which governs the Group's management, ethics and operational excellence.

These six CSR convictions form the basis of Faurecia's sustainable development strategy, whose department reports

to the Executive Vice-President in charge of strategy and a member of the Executive Committee. In 2019, the Group validated its first roadmap for the 2019-2022 period and its CSR governance. The CSR roadmap will be updated in 2021 for a new period of time.

4.1.1.1. A CSR roadmap with measurable goals as of 2022

Guided by the United Nations Sustainable Development Goals, Faurecia's CSR strategy "**Inspired to Care**" is structured around three pillars: *Planet, Business, People*.



Each of these goals is built on the Group's six CSR convictions and sets measurable progress objectives over a first period 2019-2022. Both ambitious and realistic, the objectives to be achieved by 2022, completed by longer-term objectives for 2025 and 2030, were developed in collaboration with all *Business Groups* and support functions.

Faurecia's convictions



planet

Faurecia's action plan

| COMMITMENTS | KEY PERFORMANCE INDICATORS | 2019 RESULTS | 2022 TARGETS | 2025 TARGETS | 2030 TARGETS |
|--|--|--------------|--------------|--------------|--------------|
| CO ₂ neutral in operations (scopes 1 & 2) | CO ₂ emissions scopes 1 & 2 (Mt CO ₂ eq) | 0.92 | | ~0 | |
| | Energy intensity (MWh/€ million of sales) | 117 | - 10% | - 20% | |
| | Waste intensity (tons/€ million of sales) | 15 | - 5% | - 10% | |
| Ecodesign for products (scope 3) | Simplified Life Cycle Assessment (% of innovation projects) | - 5% | | 100% | |
| | % of recycled content in new products | 30% | | 40% | |
| | CO ₂ emissions scope 3 controlled (Mt CO ₂ eq) | 8.6 | | | - 46% |
| Investments for sustainable technologies | Cumulated investments 2021 – 2025 | | | € 1.1Bn | |
| | Number of new patents filed | 476 | 500+ | | |

Faurecia's **convictions**

Power must have a counterbalance



business

Faurecia's **action plan**

| COMMITMENTS | KEY PERFORMANCE INDICATORS | 2019 RESULTS | 2022 TARGETS | 2025 TARGETS | 2030 TARGETS |
|--------------------------|---|--|--|--------------|--------------|
| Business Ethics | % of employees targeted trained on the Code of Ethics | 93% | | 100% | |
| | % of suppliers assessed by Ecovadis | 80% | | 95% | |
| Responsible supply chain | Satisfaction Index based on the supplier survey | 2.88 <small>stars out of 4*</small> | 3.0 <small>stars out of 4*</small> | | |
| | Index based on Total Customer Satisfaction | 4.0 <small>stars out of 5**</small> | > 4.5 <small>stars out of 5**</small> | | |

* Assessment of 1,000 suppliers, representing 70% of the volume of direct industrial purchases.
 ** Customer Satisfaction Index based on the "perception" score of the customer survey.

Faurecia's convictions



people

Faurecia's action plan

| COMMITMENTS | KEY PERFORMANCE INDICATORS | 2019 RESULTS | 2022 TARGETS | 2025 TARGETS | 2030 TARGETS |
|-------------------------------|--|--------------|--------------|--------------|--------------|
| Safety at work | Accidents per million hours worked without day lost (FRIT) | 2.05 | < 1.4 | < 1.2 | |
| Learning organization | Number of training hours per employee per year | 21.6h | 24h | 25h | |
| Inclusive culture & diversity | % women who are Managers & Professionals | 24.4% | 27% | 30% | |
| | % of women among the top 300 | 15% | 21% | 24% | |
| | % non-Europeans among the top 300 | 34% | 39% | | |
| | Engagement index based on the employee survey | 64% | 69% | | |
| Contribution to society | Number of projects supported by the Faurecia Foundation | 3 | 10 | | |
| | % of employees involved in local societal actions | 10% | | 15% | |

2020 data are detailed in this chapter's social, environmental and societal performance sections.

Each of these goals has then been integrated into internal action plans to enable the relevant teams to steer their

projects, and to measure the results achieved with regard to the expectations and commitments made by the Group to its stakeholders.

4.1.1.2. A CSR roadmap animated through projects shared by all

The CSR roadmap is based on six main projects, all of which have a strong societal and environmental impact. They are led by project managers, whose mission is to define the associated action plans and implement them in coordination with the Business Groups and relevant support functions.

These projects largely involve Faurecia employees and contribute to the Group's transformation.

■ Achieving carbon neutrality by 2025/2030/2050

Faurecia is aiming to achieve carbon neutrality for its scope 1, 2 and controlled scope 3 activities (see the environmental performance chapter). This includes in particular the indirect footprint of Faurecia's activities, including a majority of purchasing, freight, travel, waste products, buildings, and product recycling operations.

The Group has set an objective of eliminating its greenhouse gas emissions from its sites by 2025 on scopes 1 and 2, and intends to act on two levers: reducing energy consumption, and using exclusively renewable energies. This trajectory is compatible with the most ambitious scenario of the Paris Agreement, namely global warming limited to + 1.5 °C.

For controlled scope 3, the Group has also validated with SBTi its trajectory of convergence towards neutrality by 2030. By this date, Faurecia will have reduced its scope 3 emissions around 50% with a final objective of achieving CO₂ neutrality, all scopes combined in 2050.

The CO₂ neutrality project is steered in line with the sustainable development strategy within a new joint initiative called "climate strategy and sustainable transformation", whose Vice-President reports to the member of the Executive Committee in charge of strategy. The strategy to reduce CO₂ emissions to achieve CO₂ neutrality is implemented in conjunction with the Business Groups and the relevant support functions.

■ Develop more sustainable materials and contribute to the circular economy

Faurecia is committed to developing and integrating ever more low CO₂ materials into its products, reducing the amount used and extending their lifespan, in order to help reduce the overall environmental impact of its products. In this context, the Group introduced a line of "sustainable materials" products in 2020. More broadly, Faurecia is involved in a circular economy approach and is engaged in electronic repair in partnership with its customers in the automotive industry.

■ Innovating for Sustainable Mobility and the Cockpit of the Future

Faurecia continues to accelerate its transition toward clean mobility solutions thanks to the development of the Business Group Clean Mobility, and also by investing in hydrogen technologies alongside Michelin via the Symbio joint venture. Finally, the recent acquisition of the Business Group Clarion Electronics offers good growth opportunities for Cockpit of the Future solutions. In order to support and accelerate this transition, Faurecia has been developing for several years now a large ecosystem of industrial partners, Universities and start-ups, supported by a network of in-house experts.

■ Committing to Total Customer Satisfaction

Thanks to strong mobilization on all levels within the Group, the "5-Star Consumer Experience" program aims to raise all employees' awareness of the impact of their day-to-day tasks on customer satisfaction, to help spread best practices, and to reward employees having achieved exemplary results.

■ Engage suppliers for sustainable procurement and supply chains

Faurecia's purchasing policy is an integral part of the Company's social and environmental responsibility. Ensuring that each supplier complies with the Group's requirements in terms of supply chain responsibility, supporting them to achieve CO₂ neutrality, maintaining a constructive and permanent dialogue is the daily concern of the purchasing and supply chain teams. On a day-to-day basis, Faurecia relies on its partner EcoVadis, and has already assessed 80% of its top-ranked suppliers in terms of social and environmental responsibility.

■ Developing an inclusive culture for the hiring and retention of talents

Faurecia has launched an inclusive management approach, with particular emphasis on gender diversity. The vice-president in charge of human resources transformation projects including diversity and who reports to the member of the Executive Committee in charge of human resources, deploys this approach which aims to better understand and promote the contribution of diversity in teams, for more creativity, positivity and better results. It comes in two parts: training Management teams and developing future talents.

In 2020, a training course focusing on unconscious biases, which can be an obstacle to the proper functioning of the teams, was deployed for the management teams. A specific program to recruit high-potential female managers was also launched in order to create a pool of candidates likely to hold positions of responsibility, while the promotion of female talent within the Group is ensured through mentoring and coaching.

The year 2020 was also marked by the professionalism of recruiters around the world, who implemented a proactive digital recruitment strategy based on intensive use of social networks and virtual recruitment fairs. The presence on social networks increased by 25% (with for example 100,000 additional subscribers on LinkedIn) and Faurecia received more than 7,000 resumes from young students and young graduates for its first virtual recruitment fairs launched in Mexico, in China and France.

■ **Promoting training and apprenticeships to prepare for the major changes of the future**

Faurecia's businesses are undergoing a transformation due to the development of digitization and new technologies. The Group provides training to its employees through its internal training universities (face-to-face and online) so that everyone can understand the fundamentals of their business, integrate technological developments and acquire the right habits to work in a changing external environment permanently.

Faurecia also wants to provide each non-manager and professional employee, in all of the countries in which the Group has a presence, with the means of accessing

apprenticeship schemes enabling them to achieve professional development, to be better prepared for change, and to be ready for the world and its challenges. Faurecia places access to knowledge at the heart of the achievements and success of each individual, thanks in particular to an online training package (MOOC) that all Faurecia employees can access via any private or professional device.

■ **Committing to projects with a social impact**

Launched in March 2020, the Faurecia corporate foundation will contribute to supporting and developing employees' solidarity-based projects that promote education, mobility, and the environment. A Board of Directors has been appointed. It is chaired by the Group's Chief Executive Officer and composed of three members from Executive Management and two external Board members. The General Delegate, appointed by the Board of Directors, is supported by an operating manager. The Foundation's first call for projects led to support for three projects: in India, Mexico and Morocco, the deployment of which began in the second half of 2020.

4.1.1.3. A CSR roadmap assessed at the very top levels of the organization

GRI GRI 102-18, GRI 102-19, GRI 102-20



■ **The Board of Directors reviews the Group's non-financial performance through the:**

- analysis of non-financial risks;
- review of non-financial performance;
- discussion on CSR strategy guidelines.

■ **The Executive Committee defines and guides the CSR strategy through the:**

- definition of the CSR roadmap and its associated action plans;
- discussion on the integration of CSR into the Group's strategy;
- management of non-financial performance.

4 Extra Financial Performance

Faurecia's Corporate Social Responsibility strategy

■ **The CSR department manages, leads and coordinates the CSR strategy**

The CSR department is part of a new "climate and sustainable transformation strategy" initiative, whose Vice-President reports to the executive committee member in charge of the strategy.

■ **The operational CSR Committee monitors CSR performance and implements the associated action plans**

The Committee is composed of CSR correspondents in each key Group function and the CSR sponsors of the Business Groups, they share:

- the CSR strategy's new priorities;
- the results of the action plans;

- mapping of non-financial risks;
- the review of the annual non-financial audit.

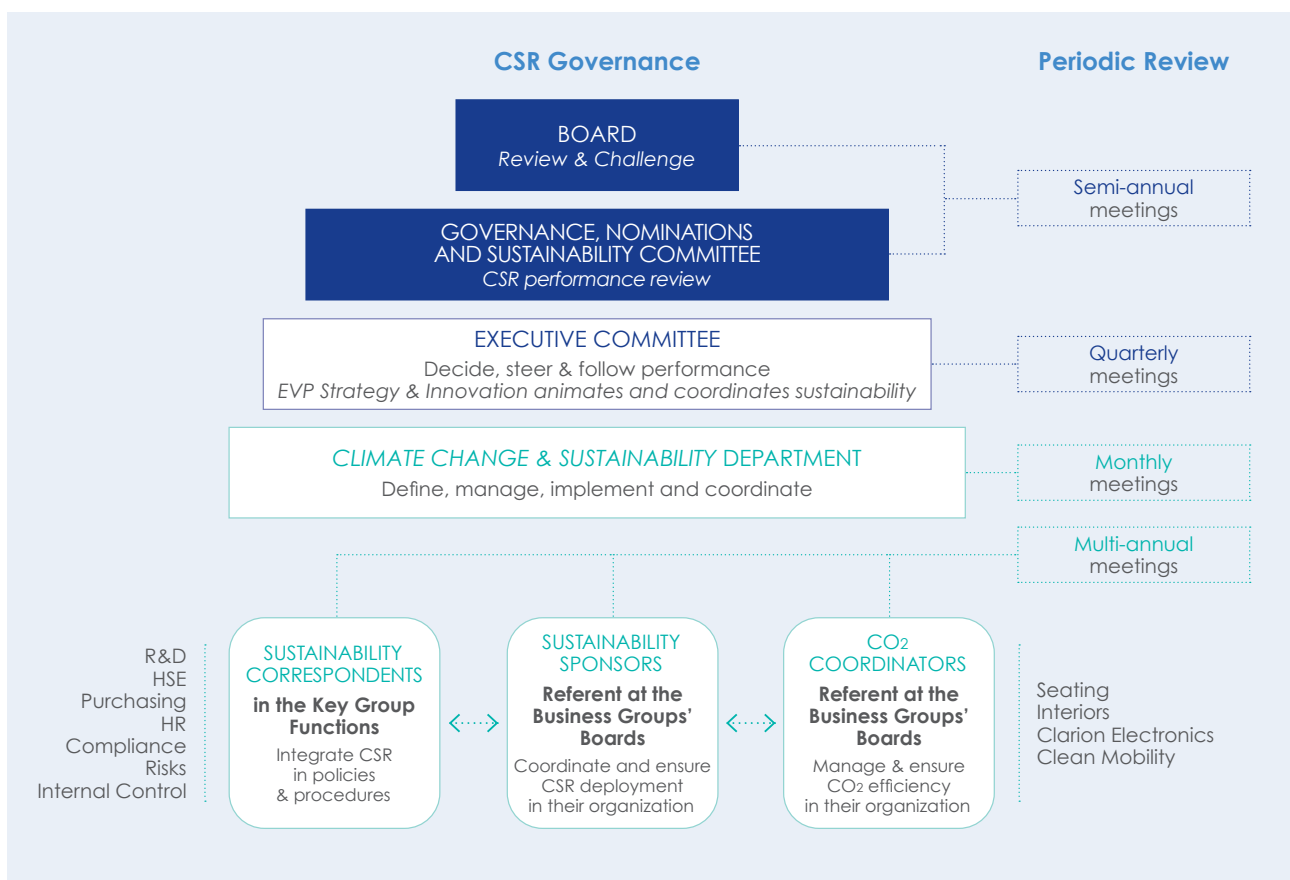
■ **The CSR correspondents in each key Group function, and the CSR Sponsors of the Business Groups**

They ensure the proper implementation of CSR in the various strategic plans of the functions and Business Groups, the integration of CSR into policies and processes, and the deployment of the approach in all Group entities.

An impact of CSR on variable compensation

Since 2018, the short-term variable compensation of the Group Chief Executive Officer has included a qualitative objective linked to the implementation of the six sustainability convictions and the implementation of a CSR roadmap in the execution part of the strategy (for more informations, please refer to the chapter 0 and 3).

Since 2019, 10% of the long-term variable compensation (performance shares) of the 300 senior executives includes a performance condition linked to the achievement of the gender diversity objectives defined by the Group, in order to involve them in the implementation of the first CSR objectives.



4.1.2. Engage through major international sustainability frameworks and draw on the recognized expertise of external partners



In line with its six sustainability convictions, Faurecia adheres to international norms and standards in order to demonstrate its commitment to respecting best environmental, social and societal practices. The Group also relies on recognized CSR partners and methodologies to monitor its supply chain and develop its climate strategy, as well as international reporting frameworks to ensure its transparency and certifications to guarantee the quality of the processes and its employer brand.

■ **Faurecia's CSR strategy aligned with the United Nations Sustainable Development Goals (SDGs):**

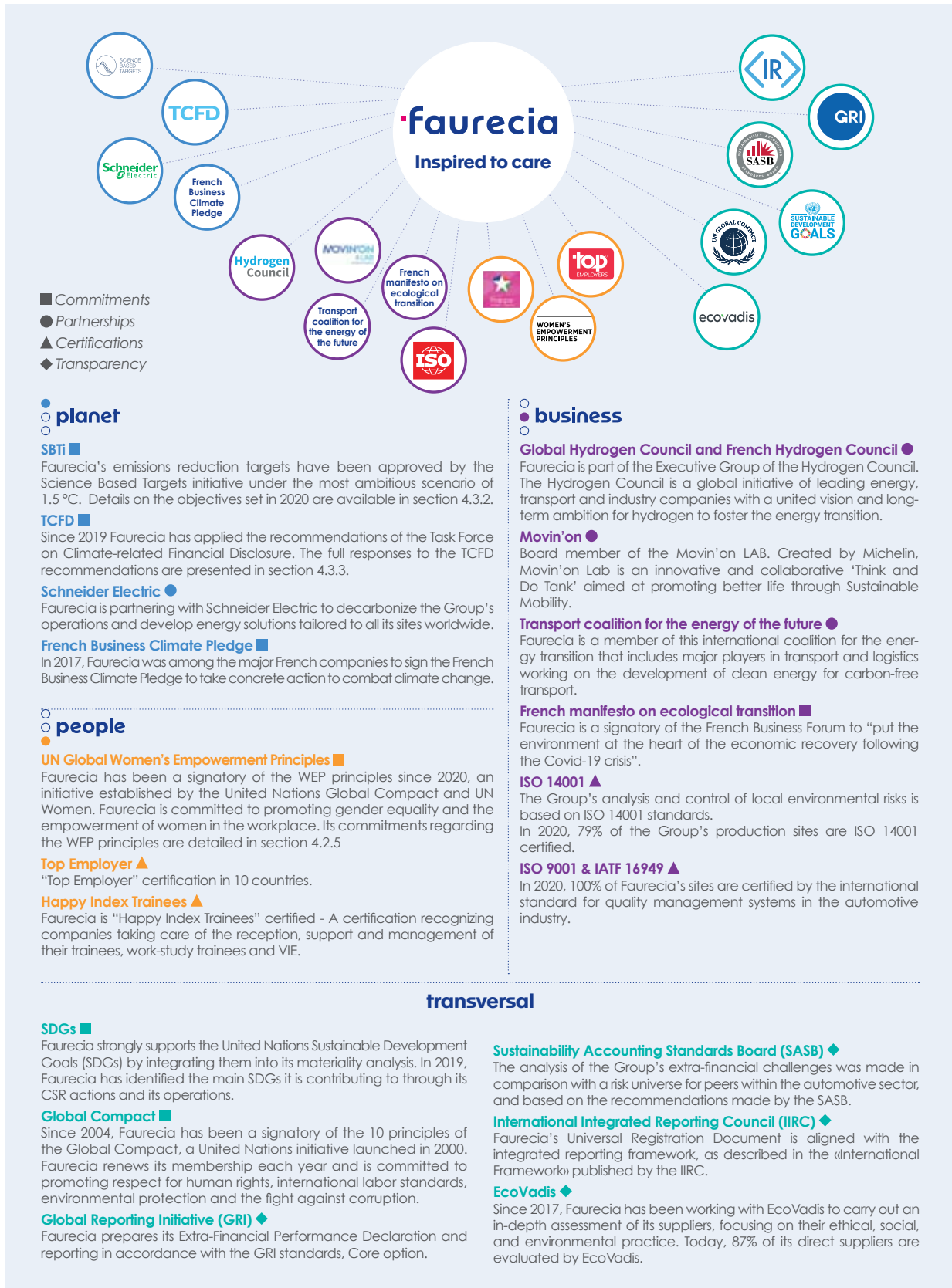
Adopted in 2015 by 193 countries at the United Nations, the 17 Sustainable Development Goals constitute an action plan for a just transition towards sustainable development by 2030. Faurecia supports the aims of this program and, therefore, in 2019, identified to which of the 17 SDGs it is making a contribution through its CSR actions and its operations. Faurecia's contributions to the SDGs are visible through the three pillars of its CSR strategy:



4 Extra Financial Performance

Faurecia's Corporate Social Responsibility strategy

The Group's commitments to international standards, principles and frameworks



4.1.3. Lead the CSR approach through ongoing 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 a proactive and constructive approach. Listening and dialogue are therefore key elements in providing relevant and appropriate solutions to all the stakeholders with whom the Group interacts in the course of its activities. In addition, they enable Faurecia to better integrate their expectations and the challenges associated with its global and local strategy.

Faurecia therefore applies a policy based on structured and proactive dialogue with all of its stakeholders, the key elements of which are set out in the table below:

| Stakeholders | Information and communication | Consultation and dialogue | Highlights of 2020 | Key topics |
|------------------|---|--|--|--|
| Suppliers | <ul style="list-style-type: none"> Corporate website for communicating CSR Information Website dedicated to suppliers Code of Conduct for suppliers and sub-contractors Covid-19 crisis – digital conferences | <ul style="list-style-type: none"> Continuous collaborative work Organization of a convention every two years Awards Annual strategic and innovation reviews External CSR support and assessment with EcoVadis (CSR screening) Annual satisfaction survey Semi-annual meeting of Faurecia suppliers | <ul style="list-style-type: none"> Faurecia received the "Outstanding Program Leadership" award during "Sustainability Leadership Awards" organized by EcoVadis. This award recognizes its sustainable purchasing strategy EIPM Award – The European Institute of Purchasing Management Covid-19: In April 2020, during the first global lockdown, Faurecia organized two web conferences with more than 1,000 suppliers. Convinced that a safe restart could only take place if the entire supply chain was ready, the Group shared the estimate of its production levels in the first half of the year, Faurecia's measures to support its suppliers' liquidity, and especially its "Safer Together" program implemented for the safety and protection of its employees during the health crisis. | <ul style="list-style-type: none"> Product Quality and Safety Ethical requirements and sustainable development Supplier satisfaction regarding the relationship with Faurecia Sharing of best practices regarding employee safety Covid-19 impact on the supply chain |
| Customers | <ul style="list-style-type: none"> Universal Registration Document Specific questionnaires Non-financial rating questionnaires Trade shows | <ul style="list-style-type: none"> Continuous collaborative work Faurecia Program Management System (Total Customer Satisfaction platform) Innovation Days Site visits and presentation of innovations Customer prices Coalitions | <ul style="list-style-type: none"> CES Las Vegas in January 2020 In June 2020, Faurecia received the General Motors (GM) Supplier of the Year award, recognizing the ability of the Interiors Business Group to go beyond GM's requirements, providing it with the most innovative technologies at the highest level of quality in the automotive industry. | <ul style="list-style-type: none"> Automotive megatrends and resulting changes of the solutions portfolio Company strategy Business ethics & practices Product Quality and Safety Environmental footprint of products |

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Extra Financial Performance

Faurecia's Corporate Social Responsibility strategy

| Stakeholders | Information and communication | Consultation and dialogue | Highlights of 2020 | Key topics |
|--------------------------------|---|---|--|---|
| Innovation partnerships | <ul style="list-style-type: none"> Continuous collaborative work Technology days | <ul style="list-style-type: none"> Industrial chairs in association with universities and Technological Research Institutes Specific cooperation actions Research and start-up assessment Strategic partnerships Joint ventures and acquisitions | <ul style="list-style-type: none"> Aptoide, one of the largest independent app stores for Android applications, and Faurecia have created a joint venture to develop and market Android application solutions for the automotive industry. Together, they offer automotive manufacturers an affordable and secure automotive application marketplace, available worldwide with region-specific content. Connected services in the Cockpit of the Future with Microsoft: digital continuity, personalized entertainment and onboard games. Faurecia received six awards at the third German Innovation Awards – four first prizes and two special mentions. The German Innovation Awards are intended to reward, in all industrial sectors, products and solutions focused on the user and offering added value compared to those available until now. In 2020, Faurecia became a member of the Coalition for tomorrow's energy, which brings together 11 major international companies that are joining forces to accelerate the energy transition of transport and logistics. | <ul style="list-style-type: none"> Artificial intelligence and digitization Industry regulations and trends Alternative and sustainable solutions Ecosystem implementation to accelerate time-to-market Research and cost optimization |
| Investors | <ul style="list-style-type: none"> Quarterly financial information Yearly and half-yearly financial statements Letter to shareholders Annual report (Universal Registration Document) Targeted communication to financial analysts and institutional investors Sustainable development guide Non-financial rating questionnaires | <ul style="list-style-type: none"> Meetings between Executive Management and financial market players Free hotline for individual shareholders | <ul style="list-style-type: none"> Virtual General Meeting in June 2020 Capital Market Day in February 2020 Investor meetings in February 2020 | <ul style="list-style-type: none"> Financial strategy Covid-19 impact Market vision Cockpit of the Future and Sustainable Mobility Strategy CO₂ neutral Hydrogen Competitiveness Distribution of Faurecia shares owned by PSA/Stellantis |
| Local communities | <ul style="list-style-type: none"> Brochures and reports Website Solidarity events | <ul style="list-style-type: none"> Solidarity- and community-focused initiatives by employees via voluntary site-based measures Call for projects from the Faurecia Foundation to support employee solidarity projects in their communities | <ul style="list-style-type: none"> In 2020, the Group officially launched the Faurecia Foundation, supporting three employee projects in India, Mexico and Morocco and making exceptional donations during the Covid-19 crisis. Through the Corporate Foundation, Faurecia devotes significant resources to supporting international projects in the countries where the Group operates around three pillars: mobility, the environment and education. Donation of masks and support to hospitals during Covid-19 | <ul style="list-style-type: none"> Access to education Environmental protection Support for local initiatives |

| Stakeholders | Information and communication | Consultation and dialogue | Highlights of 2020 | Key topics |
|--------------------|--|--|--|--|
| Employees | <ul style="list-style-type: none"> Internal collaborative network: intranet site, Faur'us In-house and online training (Faurecia University and Learning Lab) Internal magazine Digital and paper signage HR digital platform Communication with post-secondary educational institutions: job fairs, site visits, ambassador network | <ul style="list-style-type: none"> Regular dialogue with employees, employee representatives, and labor unions Annual internal engagement survey of all employees Integration program directed specifically at new hires Relationships and partnerships with post-secondary institutions Regular dialogue between managers and professionals and employees during performance reviews | <ul style="list-style-type: none"> Faurecia received its second "Top Employer Europe" certification, a label based on certifications in six countries: France, Germany, Spain, the United Kingdom, the Czech Republic and Poland. The Group is also certified Top Employer in the USA, Mexico, China and India Launch of PASS, the new HR digital platform for employee relationship management Launch of training for all managers and professionals on unconscious bias as part of the diversity and inclusion approach | <ul style="list-style-type: none"> Company strategy Social dialog Professional training Corporate culture Diversity & inclusion |
| Planet care | <ul style="list-style-type: none"> Universal Registration Document Website Communication on progress in relation to the United Nations Global Compact Communication on Faurecia's contribution to the UN Sustainable Development Goals Validation of Faurecia's CO₂ trajectory via the Science Based Target initiative | <ul style="list-style-type: none"> Open dialogue with governments and NGOs Member of international and regional professional associations and federations | <ul style="list-style-type: none"> Validation of the CO₂ neutrality objectives for 2025 and 2030 via the Science Based Target initiative Partnership signed with Schneider Electric to decarbonize the Group's operations and develop energy solutions adapted to the Group's 275 sites worldwide May 2020, Faurecia signs the French Manifesto for the Ecological Transition: to "put the environment at the heart of the economic recovery following the Covid-19 crisis". | <ul style="list-style-type: none"> Environmental impact of production activities Climate CO₂ neutrality |

Faurecia response to Global Covid-19 crisis in close coordination with its stakeholders

Guided by its convictions and values Faurecia proved its resilience during 2020 while navigating the unprecedented challenges of the Covid-19 pandemic. This global disruption tested the Group's operations, supply chain, and people in unprecedented ways. In this context and thanks to the individual and collective commitment from its employees, the Group acted quickly and decisively on three priorities: the health and safety of all its employees worldwide, the business continuity and ensuring ongoing services and support to its customers and communities.

Faurecia deployed a global crisis management process and a daily Executive Committee monitoring in order to adjust its response in real time to the development of the impacts of the pandemic on its activities.

■ Focus on all the employees

Faurecia swiftly implemented the Safer Together protocol allowing employees to safely resume and continue industrial and service activities. Launched in January 2020 in China and then deployed to the rest of the world, the program consists of strict sanitary and safety measures implemented across all sites and regularly audited to ensure compliance. In the meantime, there has been a rapid and massive rollout of home-office measures for all employees whose activity allowed teleworking thanks to Faurecia's rapid conversion to digital tools.

In addition, and to support its employees in this "new ways of working", the Group decided to maintain continuous training for management and operators and delivered trainings and tips to help navigate through this period: the Faurecia University dedicated to managers interrupted all its face to face classroom trainings and immediately switched to digital (MOOC and virtual classrooms), and Faurecia's Learning Lab, the Group's digital learning platform, has become the essential training tool for all employees worldwide including operators.

■ Ensure business continuity

Convinced that a safe restart of business could only take place if the entire supply chain was ready, Faurecia stepped up its discussions with its suppliers, sharing priorities with them during the crisis. As of April 2020, during the period of global stagnation, Faurecia organized two web conferences with more than 1,000 of its suppliers. The Group shared the current estimate of production levels for the first half of the year, Faurecia's measures to support the liquidity of its suppliers and especially the Safer Together protocol that the Group created and implemented for the safety and protection of its employees while they were preparing to restart production.

The Covid-19 health crisis led to the creation of a Suppliers Council in October 2020, bringing together virtually representatives of 12 suppliers for Faurecia twice a year to discuss future challenges, changes in markets and trends, as well as the carbon reduction policy.

■ Support local communities

Among its immediate actions, Faurecia focused on supporting local communities. Thanks to the wide mobilization and energy of its employees, the Group made donations to local associations in need and provided personal protective equipment (PPE) and masks to frontline personnel in the most affected regions by the virus.

From the start of its activities, the newly created Faurecia Foundation funded protective suits and masks for hospitals in Wuhan, China. It also made two donations in France, one to support health professionals and finance research projects as well as local social professionals and charities through the action "All united against the virus"; and the other one to support the "Simplon Fund" initiative to equip French hospitals, nursing homes and all impacted structures with tablets to maintain the link between patients with Covid-19 and their relatives.

In parallel, fully committed to supporting the employment of students in this difficult economic period, the Group decided to maintain existing programs for the recruitment of apprentices, VIE contracts and PhD opportunities for 2020 and 2021. The Group's human resources teams were mobilized to manage the recruitment of these positions until the end of 2020, in accordance with this ambition.

4.1.4. Answering to the non-financial performance declaration and the duty of care

■ Process for preparing the Non-Financial Performance Declaration (NFPD)



A Group Risk Committee meets every quarter, in the presence of the CSR Officer. Since 2019, the Group's risk mapping has included non-financial risks. This information, which forms the Group's NFPD pursuant to Article L. 225-102-1 of the French Code of commerce, is based on a materiality analysis carried out in 2018 by an in-house working group with members from the risk, legal, operations, purchasing, human resources, and CSR departments. The analysis of the Group's non-financial challenges was made in comparison with a risk universe for peers within the automotive sector, and on the basis of the recommendations made by the Sustainability Accounting Standards Board (SASB), and the *Plateforme de l'Automobile* (Automotive Industry Platform or PFA). The preliminary list of risks drawn up on the basis of a methodology linked to frequency of occurrence and degree of seriousness was then discussed over the course of some twenty interviews with external stakeholders for each risk identified.

A final list of risks and opportunities was validated by the Executive Committee in December 2018. It was supplemented by the monitoring indicators of the CSR roadmap, validated by the Executive Committee in September 2019 then updated in 2020 by the executive members in charge of the key functions that include the CSR strategy (strategy, legal, operations, and human resources). These extra financial risks are integrated in the Group risks cartography and animated through its process.

The table below provides a summary of Faurecia's main non-financial risks and opportunities, as well as the associated policies and indicators to meet the requirements of the NFPD. The sections which follow (4.2, 4.3 and 4.4) set out in detail the policies and results using indicators over the last three years. Chapter 2 on risk and risk management also sets out the non-financial risks integrated into the main risks used for the Group's risk mapping.

| Topic | Main risks and opportunities * non-financial risks integrated into the Group's main risks | | Approach and actions | Indicators ** indicators integrated into the CSR roadmap |
|---------------|--|-----|---|--|
| SOCIAL | Safety in the workplace | * R | <ul style="list-style-type: none"> ■ Existence of an HSE network at all levels of the organization ■ Systematic analysis of accidents ■ Mandatory training in HSE rules ■ Regular audit of all sites and systematic in the event of an alert ■ Ergonomic analysis of all workstations ■ Safer Together program set up in the context of the Covid-19 crisis | <ul style="list-style-type: none"> ■ (FR0t) (accidents with lost time per million hours worked) ■ ** FR1t (accidents without lost time per million hours worked) |
| SOCIAL | Talents attraction and retention | * R | <ul style="list-style-type: none"> ■ Partnerships with more than 100 post-secondary institutions ■ Integration program directed specifically at new hires ■ Internal mobility policy (including abroad) ■ Regular review of compensation policy ■ Quantitative indicators through dedicated reporting | <ul style="list-style-type: none"> ■ Turnover rate of managers and professionals ■ Percentage of newly graduated managers and junior professionals in hiring |
| SOCIAL | Social dialog | R | <ul style="list-style-type: none"> ■ Existence of a European Committee ■ Integral part of the duties of the site HR manager ■ Annual survey of employee satisfaction, including social climate | <ul style="list-style-type: none"> ■ Number of establishment or enterprise agreements signed during the year |
| SOCIAL | Employee commitment | O | | <ul style="list-style-type: none"> ■ ** Employee engagement index |
| SOCIAL | Diversity | O | | <ul style="list-style-type: none"> ■ **% of women/total managers and skilled professionals ■ **% of women managers and skilled professionals within Top Management ■ **% of non-Europeans within Top Management |
| SOCIAL | Employability | O | | <ul style="list-style-type: none"> ■ ** Number of hours of training per employee and per year |
| SOCIAL | Commitment to communities | O | | <ul style="list-style-type: none"> ■ ** Number of solidarity actions carried out by the sites in local communities |

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Extra Financial Performance

Faurecia's Corporate Social Responsibility strategy

| Topic | Main risks and opportunities * non-financial risks integrated into the Group's main risks | | Approach and actions | Indicators ** indicators integrated into the CSR roadmap |
|----------------------|---|-----|---|--|
| SOCIETAL | Business ethics | * R | <ul style="list-style-type: none"> ■ Global network of "Compliance Officers" ■ Employee training & awareness raising ■ Code of Ethics/internal procedures ■ Existence of a whistle-blowing system | <ul style="list-style-type: none"> ■ Percentage of managers and professionals having received training on the Code of Ethics |
| SOCIETAL | Sustainable supply chain | * R | <ul style="list-style-type: none"> ■ Sustainable purchasing policy ■ Systematic CSR analysis of suppliers in all new programs ■ Required minimum level score ■ Quality audit of suppliers covering all CSR aspects ■ Whistle-blowing procedure | <ul style="list-style-type: none"> ■ Rate of suppliers whose CSR performance was evaluated ■ ** Supplier satisfaction index |
| SOCIETAL | Product quality and safety | * R | <ul style="list-style-type: none"> ■ ATF 16949 Certification ■ Existence of a designated Quality Control department at all levels of the organization ■ Total Customer Satisfaction program ■ Whistle-blowing procedure and culture of documentation and conflict resolution ■ World Quality Day ■ Specialized and independent auditors | <ul style="list-style-type: none"> ■ ** Customer satisfaction index ■ **% of sites at risk (based on an internal analysis of operational risks)/total sites |
| ENVIRONMENTAL | Environmental impact of production plants and climate change | * R | <ul style="list-style-type: none"> ■ Analysis and control of local environmental risks based on ISO 14001 ■ Monthly HSE committees ■ Network of HSE managers at all levels including at each Faurecia site ■ HSE requirements integrated into the Faurecia Excellence System (FES) ■ Regular internal and FES audit of sites | <ul style="list-style-type: none"> ■ Percentage of ISO 14001-certified production plants ■ ** Energy use in MWh/€m of sales ■ ** Tons of waste/€m of sales |
| ENVIRONMENTAL | Climate transition | | <ul style="list-style-type: none"> ■ CO₂ neutrality project | <ul style="list-style-type: none"> ■ ** Tons of CO₂ equivalent scopes 1 & 2 (production)/€m of sales ■ CO₂ footprint of scope 1, 2 and 3 emissions (including those resulting from the use of products sold) |
| ENVIRONMENTAL | Innovation of products to improve air quality and reduce the CO ₂ footprint | O | | <ul style="list-style-type: none"> ■ ** Number of new patents ■ ** Launch of the definition of an EcoDesign methodology (simplified product life cycle analysis) |

It should be noted that some of these risks are related to the duty of care, for which Faurecia meets the regulatory requirements set out in law No. 2017-399 of March 27, 2017 relating to duty of care of parent companies and instructing companies on the identification of risks and the prevention of serious violations of human rights and fundamental freedoms, human health and safety, and the environment. Faurecia's vigilance plan is summarized in section societal performance .

4.2. Social performance

The men and women of Faurecia represent an essential pillar of the Group's success, which must be able to rely on the best teams around the world to maintain a competitive advantage, anticipate future trends, remain agile and invest in innovation. Faurecia develops the employability of its employees throughout their professional lives through learning, mobility and professional training. It is the best guarantee that employees and the Company can benefit from technological progress and innovation through constantly changing work practices.

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 dialog. It is also convinced that employee commitment and promotion of diversity are key performance levers, representing significant competitive advantages for the Group.

The table below presents Faurecia's main corporate social risks and opportunities and the associated results:

| Risks | Key performance indicators | 2018 | 2019 | 2020 | 2022 goals |
|---|---|-----------------------|-----------------------|-----------------------|---|
| Safety in the workplace | FR0t (Accidents leading to lost time per million hours worked) by employees and temporary workers. | 0.95 | 0.80 | 0.70 | - |
| | FR1t (Accidents with or without lost time per millions of hours worked) by employees and temporary workers. | 2.35 | 2.05 | 1.60 | -30% compared to 2019 (1.4) |
| Talent acquisition and retention | Percentage of newly graduated managers and junior professionals in hiring | 32.4% | 34.1% | 30.2% | - |
| | Turnover rate of managers and professionals | 9.1% | 8.9% | 6.6% | - |
| Social dialog | Number of company agreements signed | 353 (in 18 countries) | 356 (in 26 countries) | 373 (in 19 countries) | - |
| Opportunities | Key performance indicators | 2018 | 2019 | 2020 | 2022 goals |
| Employee commitment | Employee engagement index | - | 64 | 76 | 69 |
| Diversity | Percentage of women managers and skilled professionals | 23.8% | 24.4% | 25.1% | 27% |
| | Percentage of women among the top 300 | 15.3% | 15% | 16% | 21% |
| | Percentage of non-Europeans among the top 300 | - | 34% | 34% | 39% |
| Employability | Number of training hours/year/employee | 21.1h | 21.6h | 19.2h | 24h |
| Commitment to communities | Number of societal actions carried out by the Foundation and Faurecia sites with local communities | - +1,000 | - +1,000 | 3 <1,000 | 10 Foundation projects and > 1,100 local actions |

4.2.1. EFPD Safety in the workplace



Faurecia's workplace health and safety policy is based on two main objectives on a daily basis:

- ensure the protection of employees' health;
- improving workplace safety.

This policy is driven by an approach of excellence, the Faurecia Excellence System (FES), which enables the Group to manage its approach to health and safety on a daily basis. It is based on active methods of preventing risks that could affect employee safety, and makes it possible to regularly check their proper application and measure their effectiveness. It applies to all production activities, where employees and contractors may be exposed to the risk of workplace accidents. Each year, an internal team carries out FES audits at all sites. These audits verify compliance with the seven safety fundamentals and assess the level of risk in

factories. In 2020, more than 83 (60% in virtual) FES audits were carried out at Faurecia sites.

The Faurecia Excellence System (FES) also makes it possible to manage excellence in the organization of Faurecia's production. This approach enables continuous improvement in the safety of people and the quality, cost and delivery performance of products. 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 14 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 plants, whatever their geographical position and their local business specificities, thanks to common working methods and language.

Covid-19 crisis: protecting all our employees

In the context of the global health pandemic in 2020, Faurecia implemented the Safer Together protocol allowing employees to safely resume and continue industrial and service activities.

Faced with this unprecedented situation, Faurecia has deployed a global crisis management process in order to adjust its response in real time to the development of the impacts of the pandemic on its activities. The Group's absolute priority is to ensure the health and safety of employees and their families, through the health precautionary measures necessary to prevent the spread of the virus at its sites (barriers, hand sanitizers, gloves and masks), and the rapid and massive rollout of home-office measures for all employees whose activity allows it. When the first lockdown came into force in Europe, the Group also prepared a safe production restart at all its sites.

The Safer Together protocol was developed to ensure the protection of employees and was rolled out to all Group legal entities as of April 2020. Regular updates are made according to the latest scientific data, recommendations from health authorities and local and national regulations. Safer Together also includes a training component that helped prepare the recovery with suppliers to ensure the continuity of the supply chain, essential for a safe restart.

CARE, occupational safety management



In order to oversee the daily safety of all Faurecia employees and subcontractors, the CARE program was designed to raise awareness and engage them in their work, and is based on four fundamental principles:

- Compliance with the rules

Faurecia trains all of its employees in HSE rules. In particular through internal training on the seven safety fundamentals. 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. Faurecia ensures that these rules are applied by carrying out annual audits within each division.

- Habits and practices for the safety of all employees

The attitude of every employee is key to managing safety, this ranges from lost time in the event a dangerous situation is detected to an investigation into the safety culture with any related activity, to safety campaigns in every plant or even competition between teams to promote security. Mutual assistance between employees is crucial and will thus increase the level everyone's of safety.

- Risk 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. Best practices are then 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 Groups.

■ The seven fundamentals of workplace safety

These are seven mandatory fundamental safety principles that apply to all Faurecia employees and employees of external contractors:



Several communication media (videos, messages and presentations) remind all employees of these principles on a daily basis. An online platform also makes it possible to exchange and share best practices. Once a week, a short informative piece on a safety topic is sent to the plants to help the sites that systematically start their meetings with a safety topic.

At the heart of the safety approach, employees are the main players, enabling them to identify risks on a daily basis to better anticipate accidents. Over 10,000 risks are identified every month across the Group.

■ Ergonomics and working conditions

The main occupational illnesses reported by employees across the Group concern musculoskeletal disorders. To mitigate this phenomenon, measures have been taken by Faurecia for several years to better take into account and reduce the difficulty of the positions concerned. All operations managers and plant managers receive training in ergonomics.

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).

EFPD ■ Workplace safety results for 2020



The change in the frequency rate of work-related accidents is analyzed in order to measure the effectiveness of actions carried out in this area. To guarantee the same level of workplace safety for all employees, temporary workers are included in the same manner as Faurecia employees in the following indicators.

Each accident is analyzed using a problem-solving method. The analyses, based on best problem-solving practices, enable the implementation of preventive actions distributed to all sites.

The Group measures workplace safety through three indicators:

- **FR0t**: measures the number of work-related accidents involving a Faurecia employee or temporary worker, with lost time, per million hours worked;

- **FR1t**: measures the number of work-related accidents involving a Faurecia employee or temporary worker, with or without lost time, per million hours worked;

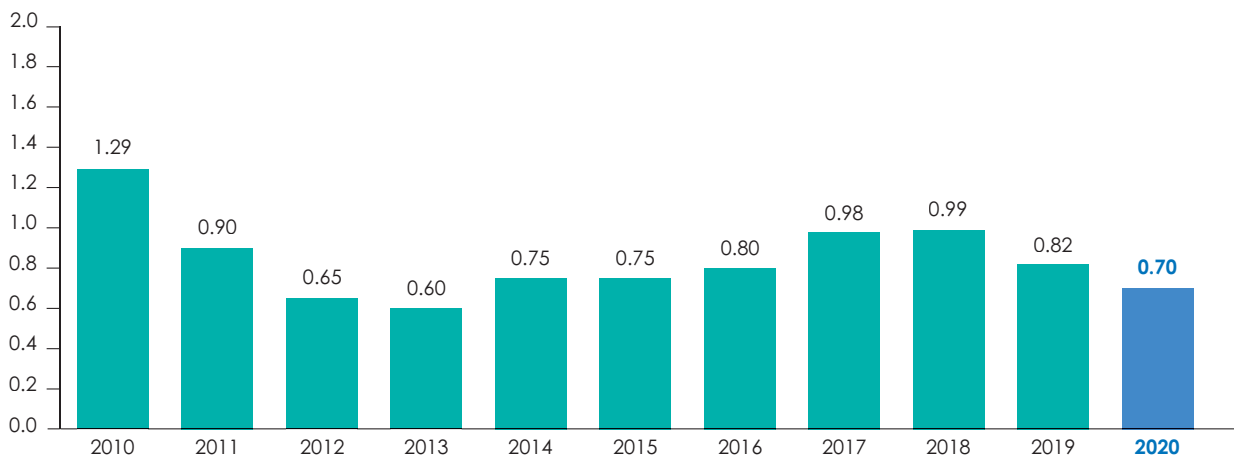
- **FR2t**: number of first aid procedures performed following an incident per million hours worked.

Monitoring the FR2t enables Faurecia sites with few accidents, with or without lost time, to focus on prevention and the corresponding priorities.

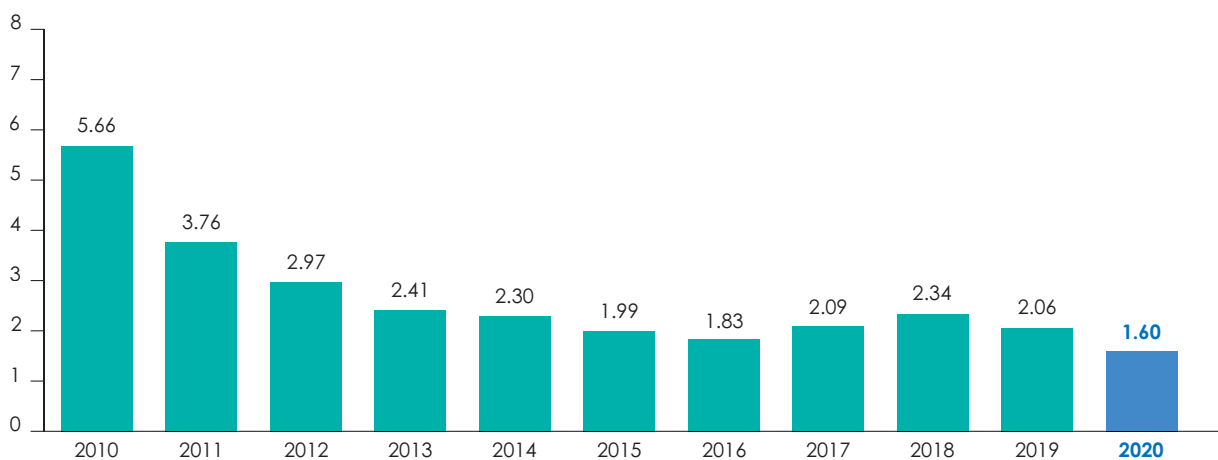
First aid is monitored at all production plants. A problem-solving guide is provided to all production managers, which helps them to make progress in the appropriation of accident analyses and to increase their responsiveness.

In order to better identify the prevention action priorities, Faurecia plans to complete the analysis of its accidents with the introduction of a severity rate indicator.

Number of accidents with lost time per million hours worked (FR0t)



Number of accidents with or without lost time per million hours worked (FR1t)



The actions launched through the CARE project have reduced the rate of FR0t accidents by 15% and the rate of FR1t accidents by 22% on a year-to-year basis.

4.2.2. Employee engagement



4.2.2.1. Corporate culture Being Faurecia

In 2020, the Faurecia group continued its cultural transformation program Being Faurecia launched in 2014. It defines the culture of the Company and its management model, in order to create an environment that leaves much more room for entrepreneurship, autonomy and responsibility. The priority given to internal promotion has been reaffirmed and most of the Human Resources development processes have been reviewed and improved.

Faced with an industry undergoing profound change, the Group wanted to strengthen understanding among its employees of the transformation challenges facing Faurecia, so that everyone can more easily identify new situations in order to launch transformation projects, while guaranteeing operational performance on a daily basis. Faurecia is positioning itself as a Group focused on creating value that is customer-oriented, innovative, and has management principles based on the pursuit of excellence, entrepreneurship, and self-control.

Below are the components of its Being Faurecia culture:

- **the Group's values** are broken down into managerial values (entrepreneurship, autonomy, accountability) and behavioral values (respect, exemplarity, energy), enabling it to support the emergence of exemplary behavior within the organization;
- **the Management Code** is a practical guide for managers that explains expected exemplary behavior. The Management Code is regularly updated to incorporate new, proposed or identified situations. Regular training sessions are organized for managers;
- **organization principles** are based on the decentralization of decision-making processes at the different levels of the organization in order to strengthen the autonomy of the teams and facilitate decision-making. Their number has been significantly reduced and their content reduced in recent years;
- **employee satisfaction measurement** is carried out every two years through a questionnaire sent to the managers and professionals of the Group and every other year to the operators. It measures the level of support and anchoring of Being Faurecia within teams. In 2020, due to the global Covid-19 crisis, Faurecia did not conduct this detailed satisfaction survey for operators;
- **employee engagement has been measured** on an annual basis through an aggregate indicator of several criteria since 2019. The index is measured on the basis of four themes of employee engagement: level of job satisfaction, level of recommendation of Faurecia as a responsible employer, level of pride in belonging to the Group, and level of trust and confidence in the strategy. The results

show an engagement level of 76/100 points (compared to 64/100 points in 2019). All areas are progressing, starting with trust and confidence in the strategy, followed by pride in belonging to the Group and job satisfaction. Faurecia achieved a level of engagement 3 points higher than all companies and 13 points higher than companies in the automotive sector. This 12-point increase between 2019 and 2020 is bolstered by the high level of employee confidence in Faurecia, in its ability to cope with the Covid-19 crisis, through the rapid implementation of appropriate health measures (the Safer Together program) to continue working in the best safety conditions. In light of these results and after their analysis, the target for 2022 has been revised upwards from 67 to 69 points. On the basis of market studies, the Group nonetheless expects a decrease in the level of the index between 2020 and 2022, which will reflect a return to normal without a health crisis, and for which the level of employee satisfaction regarding safety and reinsurance will be lower, with an assessment that will weigh less in the total index calculation.

4.2.2.2. Training for the Group's resilience and transformation



Training is an investment to support strategic priorities. 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.

Faurecia is developing a training system that matches the pace and requirements of the business lines. The Group favors training actions, internal training, use of adapted digital tools, workshops around the sharing of experience and expertise in order to be as close as possible to the pace and requirements 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 offer is structured around four levels:

1. **all employees** (production plants, research centers, administrative offices):
 - regular training sessions organized to support the implementation of the Faurecia Excellence System,
 - business academies that cover the necessary business skills in the four major Business Groups (*Faurecia Seating, Faurecia Interiors, Faurecia Clean Mobility and Faurecia Clarion Electronics*),
 - IT Academy to train employees in the use of digital transformation tools;

2. **managers and professionals:** the 22,000 managers and professionals are trained by Faurecia University on the managerial skills required for transformation;
3. **technicians and administrative staff:** they have access via the Learning Lab, the digital learning platform, a training library that includes more than 405 digital courses on specific training related to their business line. In order to provide access to as many people as possible, the digital training offer is also accessible on personal computers and smartphones. More than 90,000 people already have access to this training;
4. **operators:** they now have access to the Learning Lab digital platform, which this year enabled more than 63,000 operators to log on to access training.

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.

In 2020, Faurecia University continued to roll out the program All on Board Connect, a dedicated learning community that was created to help all Faurecia employees better understand key issues and get involved in the Company's transformation.

Training hours



| | 2020 | | 2019 | |
|-----------------|------------------|-----------------------------|------------------|-----------------------------|
| | Training hours | Training hours per employee | Training hours | Training hours per employee |
| Europe | 536,960 | 14.1 | 613,722 | 14.9 |
| North America | 434,420 | 24.7 | 515,765 | 27.5 |
| South America | 51,798 | 12.2 | 97,562 | 19.6 |
| Asia | 529,922 | 37.5 | 435,844 | 29.9 |
| Others | 107,253 | 15.8 | 203,445 | 28.2 |
| FAURECIA | 1,660,353 | 20.6 | 1,866,338 | 21.6 |

This indicator is consolidated by including the Clarion Electronics and SAS Automotive scopes in 2020.

The average number of training hours decreased in 2020. It is 20.6 hours per employee at Group level, down one hour compared to 2019.

On a like-for-like basis, the total number of training hours was 1,270,332 hours, down by 32% compared to 2019 due to the Covid-19 health crisis. Western Europe, North America (mainly the USA) and South America recorded the largest decreases.

However, the drastic reduction in face-to-face training was partially offset by the provision for all Group employees of the "Learning Lab" digital training platform. 350,760 hours of digital training were provided through MOOCs, representing nearly four hours per employee this year.

■ 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;
- combining the use of appropriate working methods which, depending on the situation, either guarantee excellence in performance or, on the contrary, stimulate creativity to propose transformation solutions;
- developing people's ability to work in an international setting.

■ **Faurecia University**

Faurecia University has been a member of the CLIP network since 2019 (created by the European Foundation for Management Development) which groups together the 25 most mature corporate universities run by leading global groups (Siemens, Santander, Capgemini, Telecom Indonesia, UniCredit, etc.). These companies share joint ambitions and best industry practices. In particular, they are considered as a reference in terms of the strength of Top Management's alignment in the role and mission of Faurecia University, as well as the quality and speed with which the Faurecia University offer is being put online.

Faurecia University has five regional campuses in Europe (Nanterre), China (Shanghai), North America (Auburn Hills and Puebla) and India (Pune).

As a priority, Faurecia University supports the development of the Group's managers and professionals in a strategic approach to transform the Group, 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).

The range of training on offer covers the main leadership, functional (sales, purchasing, human resources, EHS, etc.), and operational skills via different programs. It is enhanced by the constant presence of our managers or Executive Committee members who take part, speak to, or interact with participants.

Covid-19 crisis: continuous training for employees

In 2020 due to the global pandemic, Faurecia University had to interrupt all its face to face classroom training. However, the business was immediately able to switch to digital (MOOC and virtual classrooms) thanks to Faurecia's rapid conversion to digital tools.

During part of 2020, All on board connect, the learning community created to give Faurecia employees a better understanding of the major challenges of the Company's transformation, has been transformed into All in Crisis.

For three months, the platform saw a peak in activity with the provision of digital educational content on a daily basis. The internal social network platform for employee managers and professionals, Faur'us, completes the collaborative and social aspect of this learning. It offers extensive opportunities to disseminate knowledge through business communities and collaborative and open working methods. On a daily basis, more than 35,000 employees use this platform in their professional activities. There are more than 2,600 active professional communities and the network generates more than 25 million interactions every year. With more than 11,000 regular visitors, this learning community has established itself as the community with the second highest number of visits from employees.

Faurecia's Learning Lab, its digital learning platform, has become the essential training tool with more than 450 courses available in more than 20 languages. It saw an 80% increase in activity during the first lockdown in Europe, and a surge of 117% over the year with 376,800 hours of training.

Remote work for employees

In 2020, during the middle of the first lockdown, 10,000 managers and professionals, for whom the activity was compatible, flexibly and efficiently switched to remote work. Trained in virtual methods, they demonstrated their ability to do their job using digital tools.

After an internal survey of the people concerned worldwide (which was very well attended with an 82% response rate), Faurecia's Executive Committee decided to launch an "effective work flexibility" initiative.

Convinced that meetings in the workplace are unique moments of exchange, socialization and creativity that are the strength of Faurecia; the Group confirms that there is room for complementing remote working, which will increase collective efficiency and provide additional flexibility.

Faurecia will count on the responsibility given to managers and employees to organize teleworking in a flexible way (up to eight days per month) and adapted (opportunities and constraints) in the interest of collective work efficiency and for the benefit of everyone's work-life balance.

Mindful of legislative changes around the world that could impact this approach, the effective flexibility policy is scheduled to be implemented as soon as the Covid-19 crisis is over.

4.2.3. EFPD Social dialog



The Group's various entities have an active policy of meeting and negotiating with employee representative bodies. This policy is part of the development of economic and social dialog described in the Group's Code of Ethics and cultural transformation program Being Faurecia.

The issue in terms of risk of an absence or poor management of social dialogue could have an impact on the performance of the Group and on the well-being of its employees.

Considered to be a true lever for improving operational efficiency and defining the Group as an integral player in sustainable development, the development of economic and social dialog is accorded special attention. In this context, Faurecia 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, Faurecia also gives priority to research and concluding agreements in the various areas where employee engagement is a gauge for success in the implementation of projects.

Social dialog is also a preferred vehicle of communication to share about safety and improvement of working conditions while emphasizing concrete achievements and best practices.

4.2.3.1. A context marked by a sharp decline in activity linked to the global pandemic

In 2020, faced with a sharp deterioration in the market due to the Covid-19 pandemic, Faurecia demonstrated its agility and great resilience, enabling it to react quickly to the consequences of the global health crisis and to deliver a good level of performance.

The decline in activity, despite a recovery in the third quarter confirmed during the fourth quarter was reflected in the change in the registered workforce, dropping from 93,699 to 87,695 at constant scope, a decrease of 6.4%. Taking into account the integration of SAS, which was acquired in early 2020, the registered workforce stands at 91,361, a decrease of 2.5%.

To cope with this decline in activity, in addition to the systems intended to manage temporary "partial activity" situations set up by a certain number of governments, industrial redeployment systems as well as workforce adjustments were implemented to manage the structural situations. These measures affected 71 sites in 2020 and impacted 5,700 jobs in 18 countries, mainly in North America, Europe, South America and Asia.

In this context, as a result of the restructuring efforts undertaken mainly in Western European countries, Europe saw its registered headcount fall by 4.2% at constant perimeter.

With SAS, which is particularly well established in this region, Europe has seen its registered headcount grow by 0.7%.

In North America, the number of registered employees fell by 5.0% on a like-for-like basis, mainly due to the restructuring efforts made necessary by a structurally declining level of activity and a performance level lower than regional production. By integrating SAS, which is also well represented in this region, the number of registered staff fell by 0.7%.

In South America, in an equally difficult context marked by a slower-than-expected recovery, the registered workforce fell by 17.9% at constant scope and by 12.4% when integrating SAS.

Lastly, despite a good level of resistance in China thanks to a clear recovery linked in particular to the success of certain models, Faurecia's registered headcount in Asia fell by 10.9% at constant scope, as a result of the continuation in fiscal year 2020 of restructuring efforts already undertaken the previous year. With SAS, which has very little presence in this region, the drop in enrolled staff amounts to 10.4%.

Faced with the global pandemic, all of the Group's teams have adapted and mobilized to ensure the continuity of ongoing development programs and productions as well as the restart of production plants forced to temporarily shut down their activity following the shutdown of their customers.

Meanwhile the health protocol, Safer Together, allowed to guarantee a safe working environment and conditions for all employees at all production plants, research and development and administrative centers.

This deployment was carried out with the full support and involvement of employees and the various employee representative bodies. The global employee satisfaction survey, organized in early October 2020 showed in particular that a high level of confidence on the part of employees in the Group's implementation of Covid-19 measures and its management of the pandemic.

4.2.3.2. In-depth social dialog with employee representatives



SIGNIFICANT NUMBER OF AGREEMENTS SIGNED

Implementation of an active policy of consultation and negotiation in 2020 resulted in a record number of signed agreements. In this way, 373 institutional or company agreements were signed in 19 countries, including 116 in France, 91 in Germany, 33 in Brazil, 31 in Poland, 24 in Mexico, 16 in China, 10 in Austria and nine in Spain and eight in Uruguay.

Out of these agreements, 29% related to working conditions, 26% to pay and other forms of compensation, 19% to profit-sharing for employees, 16% to working hours, and 8% to the provision of tools and/or digital processes.

More specifically, negotiations about the organization of work and working hours allowed sites to adapt to fluctuations in workloads 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 50 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.

REINFORCED ECONOMIC AND SOCIAL DIALOG WITH THE EUROPEAN COMMITTEE

A European company committee, composed of 25 members distributed in proportion to the headcount of the 16 countries where Faurecia operates in Europe, was created in 2018. This committee welcomed nine new representatives in 2019, alongside the 16 representatives who had already held a corporate office in the previous body.

The European Committee met in a plenary session once in 2020, on September 9. This session was held remotely due to the global health crisis.

The committee's officers, now made up of representatives from the seven major countries in terms of headcount (i.e. France, Poland, Germany, the Czech Republic, Spain, Romania and Portugal), held three ordinary meetings during the year. In the midst of the health crisis, an extraordinary meeting of the Bureau was also held to discuss the situation, the consequences of the crisis and the measures taken to ensure, under the best possible conditions, as soon as customers requested it, the gradual and progressive restart of the production activity.

The training program for the members of the European committee, with the aim of enabling them to understand the challenges and constraints of the automotive sector, could not be held in 2020. There are plans to organize it as soon as health conditions permit. However, if this is not the case, there are already plans to organize it virtually.

4.2.4. **EPFD** Talents attraction and retention



Talent management is a key component of employee development. Faurecia has defined a human resources strategy based on best practices to attract and retain talent while fostering their development. Through its talent management approach, Faurecia aims to foster the development of employees from the start through exciting and stimulating career paths. Mobility and professional training, leadership development and reinforcement of expertise ensure that the Group has qualified internal resources in line with business needs.

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. These provisions enable Faurecia to offer its employees career opportunities and to retain its teams and talents as much as possible.

Indicators on acquisition and retention of talents in 2020:

- 6.6% rate of resignation within the Group for managers and professionals, an improvement on 2019 (8.4%);
- 30.2% of recently graduated managers & professionals;
- 22% of VIEs were hired with open-ended contracts upon completion of their program.

4.2.4.1. Recruitment focused on early career

Over the past few years, Faurecia has grown significantly, with a headcount of almost 113,931 people, including more than 22,230 managers and professionals on open-ended contracts at the end of 2020.

4 Extra Financial Performance

Social performance

In 2020, while the coronavirus pandemic had a strong impact on industrial production activities worldwide, Faurecia reduced the number of hires. The Group recorded 1,525 hires on open-ended contracts and fixed-term contracts, i.e. 37% of the hires initially provided for in the strategic plan.

2020 was also marked by the professionalism of recruiters all over the world, who implemented a proactive digital recruitment strategy based on intensive use of social networks and virtual recruitment fairs. The presence on social networks increased by + 25% (with for example 100,000 additional subscribers on LinkedIn) and Faurecia received more than 7,000 resumes from young students and young graduates for the first virtual recruitment fairs launched in Mexico, in China and France.

YOUNG GRADUATES AND EARLY-CAREER PROFESSIONALS

In this context, Faurecia wanted to focus its efforts on recruiting young graduates in order to ensure the Group's attractiveness and retain the talents of tomorrow. Recruitment management centers, called "talent hubs", have made it possible to process up to 95% of hires for entry-level positions.

The number of young graduates hired for entry-level management positions decreased in 2020 due to the Covid-19 crisis reaching 30.2% (compared to 34.1% in 2019).

INTERNATIONAL VOLUNTEERS IN COMPANIES (VIE)

22% of VIE who completed their assignment in 2020 were hired (fixed-term and open-ended contracts).

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 2020, the number of VIE contracts continued to be sustained despite the crisis, reaching 320 contracts signed at the end of 2020 (305 in 2019).

It should be noted that nearly 22% of young managers and professionals who completed their VIE assignment during 2020 were hired by Faurecia, mainly in France, Germany, Portugal and the Czech Republic.

In addition, General Management's commitment to call on 1,000 apprentices and VIE contracts in France at the end of December 2020 was fulfilled: 1,027 young people were recruited in work-study programs and VIE contracts from June to December 2020.

Maintaining 1,000 jobs for apprentices and VIE in 2020 and 2021:

In July 2020 the Group committed to maintaining the existing programs for the recruitment of apprentices, VIE contracts and PhD opportunities for 2020 and 2021. The Group's human resources teams were mobilized to manage the recruitment of these positions until the end of 2020 in accordance with this ambition.

Faurecia achieved its apprenticeship and VIE recruitment objectives with 1,027 recruitments completed in 2020. The Group currently employs around 700 apprentices in France and is one of the main employers in the VIE program (allowing young graduates to work abroad for French companies for a maximum of four years) with more than 300 employees. This commitment reflects the special effort made this year to recruit young graduates and early-stage professionals.

External hires in 2020 vs 2019



Registered employees

| | 2020 | | | 2019 | | | 2020 vs. 2019 | | |
|-----------------|-------------------------------------|-------------------------------------|---------------|-------------------------------------|-------------------------------------|---------------|-------------------------------------|-------------------------------------|---------------|
| | 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 | 1,950 | 2,709 | 4,659 | 3,045 | 3,775 | 6,820 | -36.0% | -28.2% | -31.7% |
| North America | 1,830 | 5,761 | 7,591 | 2,739 | 4,784 | 7,523 | -33.2% | 20.4% | 0.9% |
| South America | 602 | 63 | 665 | 676 | 132 | 808 | -10.9% | -52.3% | -17.7% |
| Asia | 1,879 | 379 | 2,258 | 2,570 | 926 | 3,496 | -26.9% | -59.1% | -35.4% |
| Others | 252 | 1,277 | 1,529 | 1,022 | 1,492 | 2,514 | -75.3% | -14.4% | -39.2% |
| FAURECIA | 6,513 | 10,189 | 16,702 | 10,052 | 11,109 | 21,161 | -35.2% | -8.3% | -21.1% |

This table shows the change in hires excluding the effect of transfers from fixed-term contracts to open-ended contracts and excluding the acquisition of SAS Automotive employees in February 2020.

For all registered employees, the number of hires fell by 21.1% as compared with 2019, including a 35.2% decrease for open-ended contracts and a 8.3% decline for hires on fixed-term contracts. It can also be broken down as follows: a decrease of 18% for operators and workers; a 38% reduction for technicians, foremen and administrative staff; and 31%

decrease for managers and skilled professionals, across all types of contracts.

Operators and workers represented 83.0% of hires in 2020, compared to 7.9% for technicians, foremen and administrative staff, and 9.1% for managers and skilled professionals, compared with 79.6%, 10.0% and 10.4% respectively in 2019.

On a like-for-like basis compared with 2019, the number of hires fell by 24.3%, including a 40.1% drop for open-ended contracts and a 10.0% drop for fixed-term contracts.

These figures demonstrate the Group's responsiveness to the crisis.

In Europe, hires on open-ended contracts decreased by 36.0% compared to 2019, mainly in Central Europe (-42.0%, notably in Poland and Romania).

Hires in Western Europe fell by 20% over the same period, mainly in France.

In North America, 1,830 hires were made on open-ended contracts, compared with 2,739 in 2019 (down 33.2%), mainly in the United States. Hires on fixed-term contracts increased by 20.4%, from 4,784 to 5,761 in 2020, particularly in Mexico in order to respond quickly to fluctuations in the health crisis.

In South America, the volume of hires fell as compared to 2019 (by nearly 17%, all contracts combined), mainly due to a net decline in fixed-term contract hires.

In Asia, the volume of hires on open-ended contracts declined markedly (-26.9%).

In other countries, the volume of hires on open-ended contracts also fell (-75.3%), mainly in Russia, Morocco and South Africa.

4.2.4.2. Retain employees

A stable employee base is essential for safeguarding the Group's investment in human capital. In 2020, the resignation rate of managers and professionals improved.

Resignation rate of managers and professionals

| Resignation rate | 2020 | 2019 | Change |
|----------------------------|-------------|-------------|-------------|
| Asia | 10.7% | 9.1% | +1.6 |
| Europe | 5.8% | 7.9% | -2.1 |
| North America | 9.9% | 10.4% | -0.5 |
| Managers and professionals | 6.6% | 4.9% | +1.7 |
| TOTAL | 7.6% | 8.9% | -1.3 |

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 Group, 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.

Faurecia offers its employees many professional opportunities abroad as well as the possibility of participating in international projects, of which 58% of managers and professionals are employed outside Europe and nearly 64% of new hires are from outside this region.

4.2.4.3. Developing talent, a strong ambition

■ Offering diversified career paths

Faurecia has more than 7,145 identified potentials (excluding FCE and SAS), an increase (+3.5%) compared to 2019 (6,900). 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.

■ Ensure the best career choices for everyone

External assessments are offered to current and future leaders in order to help them to better develop their potential and to support them in their career choices. On this basis, individual support plans are defined and implemented. In total, 37 assessments were carried out in 2020.

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. An identical program aimed at hiring high-potential women has been launched in order to improve diversity within Senior Management.

■ Develop and retain local talent around the world

The Group also ensures to cultivate the international dimension of its Senior Management team, while taking steps to attract, develop and retain local talent across the globe. Thus, 39% of the Group's Senior Management is currently composed of non-Europeans (15% from Asia, 20% from North America, and 2% from South America) and 61% Europeans (34% French and 15% German), a slight increase compared to 2019 ((31% of non-europeans).

43.1% (excluding FCE) of the managers and professionals identified as having the potential to join the Group Leadership Committee (the 300 members who represent Senior Management) come from non-European countries (compared with 40% in 2019).

■ Conduct a review of high potentials

The Executive Committee continued to strengthen its involvement in managing talent. Twice a year, it now reviews the Group's high-potential employees with a particular focus on potential senior executives. Furthermore, beyond the People Reviews usually organized at the Business Group, Division and functional levels, the so-called Key Reservoirs were organized in North America and Asia to develop promotion and internal mobility and to optimize talent management at the local level. A process called "Cross BG Point HR" enables the Group to develop the mobility of Senior Managers between Business Groups.

Once a year, the Group's succession plan is presented to members of the Board of Directors' Governance, Nominations and Sustainable Development Committee.

Faurecia, Top Employer Europe 2020



Following audits carried out by the Top Employer Institute, Faurecia is among the companies which were awarded the "Top Employer Europe" label for 2020. 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, and the UK; in Asia: China, India, and on the American continent: the United States and Mexico.

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.

4.2.4.4. 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.

THE ANNUAL APPRAISAL INTERVIEW OF MANAGERS AND PROFESSIONALS



This assessment leads to an annual performance review between managers and skilled professionals and their supervisors. The objective, based on the self-assessment prepared by the employee, is both to measure the achievement of individual annual objectives and to assess managerial skills and behaviors in line with Faurecia's values.

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. At the end of 2020, 95% of managers had been assessed via a performance interview.

STAR, THE PERFORMANCE APPRAISAL CAMPAIGN

Each year, the Group launches a STAR performance appraisal campaign for managers and professionals (Setting Targets, Achieving Results), for which the quality of interviews and managerial involvement are a major objective. Three priorities are given to this evaluation: improving the quality of the feedback received, strengthening internal equity in terms of performance assessment, and improving the resilience and monitoring of development actions.

4.2.4.5. 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.

For Senior Management positions (Top 300) the rate of vacancies filled internally is 76% compared to 90% in 2019. These results for managerial positions were achieved through the implementation of solid planning for succession and individual development plans, based on People Reviews made at least once a year at all levels of the Company (sites, divisions, Business Groups, and 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 84% compared to 83% in 2019, of the required plant manager positions.

In 2020, 20% of managers and skilled professionals benefited from internal mobility, compared to 15.7% in 2019.

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 2020, Faurecia had 289 experts compared to 370 in 2019, including 43 senior experts and four master experts.

4.2.5. 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.

4.2.5.1. Changes in compensation and benefits



The total amount of compensation paid, including payroll taxes, decreased by 8.58% for the Group as a whole: €3,232 million in 2020 compared to €3,535 million in 2019. Meanwhile, the number of registered employees, including SAS, fell by -2.5% , among which - 0.6% for managers and professionals. The Group adheres to current minimum wage legislation in each country. Wage negotiations are held in the majority of countries. Worldwide in 2020, 96 agreements were concluded on salary/bonus/compensation components and 69 on profit-sharing/incentives.

4.2.5.2. 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 2020, around 4,400 managers benefited from this scheme out of a total of 22,230 managers on open-ended contracts (including the consolidation of SAS Automotive).

Simultaneously, since 2018, there has been a local bonus policy applicable to all countries, in compliance with local regulations.

4.2.5.3. Allocation of free shares subject to performance conditions

Faurecia has implemented a program for the awarding of free shares subject to performance conditions for Global Leadership Management to promote motivation and loyalty. It follows a procedure established by the Board of Directors at its meeting of December 17, 2009.

The Combined General Meeting of June 26, 2020 authorized the Board of Directors to grant a maximum of 2,000,000 performance shares.

Based on this authorization, on October 22, 2020, the Board of Directors granted a maximum of 1,384,630 free performance shares to 282 beneficiaries (including 46 high-potential managers). The right to these shares is subject to an attendance condition and to the following three performance conditions:

- an internal performance condition, linked to the Group's net income after tax in 2022;
- a second internal performance condition linked to CSR, relating to the percentage of women (%) making up the Group's managers and professionals in 2022; and
- an external performance condition, linked to Faurecia's growth in basic earnings per share between 2019 and 2022 compared with the weighted growth of a reference group made up of 12 comparable international automotive suppliers.

As at December 31, 2020, under the plans in place, there were a maximum of 3,335,417 performance shares that could be definitively granted through October 2024 subject to the achievement of presence and the associated performance conditions.

4.2.6. 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, managed on a daily basis in line with the Group's values, convictions and Code of Ethics encompasses all dimensions such as origin, gender, culture, training, experience or any other difference.

4.2.6.1. Diversity of nationalities

In 2020, 34% of managers and professionals part of the Group Leadership Committee were non-Europeans.

4.2.6.2. Gender diversity



In support of To illustrate its commitment to gender equality in the workplace, Faurecia signed the Women Empowerment Principles (WEP) in 2020, an initiative established by the United Nations Global Compact and UN Women. Committed to respecting the seven principles of the WEP, the Group launched a specific roadmap in 2019, the aim of which is to increase the percentage of women in the "Managers & Professionals" population. Several initiatives launched in 2019 and 2020 aim to improve the Group's attractiveness to women, as well as their learning and career development opportunities – notably through training programs for women leaders, coaching and mentoring, the initiative "Women in technology" for female engineering students, and the launch of a global network of 40 employee ambassadors of diversity.

Indicators to follow gender diversity

| | 2020 | 2019 | 2018 |
|---|-------|-------|-------|
| % of women on the Group Leadership Committee | 16% | 14.8% | 15.3% |
| % of women managers and skilled professionals | 25.1% | 24.4% | 23.8% |
| % of women are members of a plant Management team | 22.1% | 21% | 20.7% |

DIVERSITY WITHIN THE GOVERNING BODIES



Faurecia's Executive Committee (Excom) is composed of 14 members, including two women, a rate of 14%. The Excom members are either recruited from among Faurecia's Board members (GLC: Top 300) or externally. The plan to strengthen GLC members to reach 21% women in 2022 aims to appoint 40% of new female GLCs each year, which increases the possibility of appointing women to the Excom in the future.

At the end of 2020, the rate of women among the 10% of positions of greatest responsibility was 16%.

Promotion of gender diversity in the Group

- **the teleworking** at global scale, outside the sanitary crisis context, is deployed in order to promote a better balance between personal and professional life;
- **the annual review of women's careers:** the People Review was adapted in order to include a specific section on female talent at various levels within the Group. 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;
- **an annual statistical analysis of pay equality:** since 2016, additional analyses have been carried out in the Group's key countries to ensure equality in terms of pay. The results of the three statistical studies carried out show no major differences;

- **the program aimed at recruiting and developing female talent:** in order to promote this Group gender equality approach, a Diversity Officer was appointed in 2019. In this context, recruitment agencies were reviewed in order to raise their awareness regarding compliance with the new CSR gender balance commitments. In order to align with these targets, Faurecia's country recruitment officers also promote this gender balance. In 2020, the results were significant with continued growth in the percentage of external recruitment of women managers and skilled professionals representing 33.1% in 2020 (compared with 30.1% in 2019 and 25.9% in 2018). In addition to these initial actions, a program aimed specifically at recruiting high-potential female executives was launched with an external partner in order to have more candidates able to take managerial roles, and to thereby reach the goal in terms of gender balance among Faurecia's 300 most senior executives. A program for the development of female talents, which will be built on mentoring, coaching and sponsorship is also currently being finalized. During 2020, as part of the continued deployment of its "Faurecian Talent Initiatives" approach, the Group implemented actions to accelerate gender balance through its recruitment, career development and outreach to women;
- **promotion of women:** this was particularly encouraged in 2020; female candidates who were indicated by their managers as ready for a career development were systematically encouraged and promoted, increasing the number of women promoted from 21% in 2019 to 26% in 2020. A woman must always be included in the selection of candidates for a position. The manager is made aware of diversity if his results are too low;
- **training** is a permanent 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 enable them to bolster their leadership (influence, impact and visibility). This program has now been rolled out across Faurecia University's five campuses (Mexico, United States, China and Europe) and was put on hold in 2020 due to the crisis. Finally, to guarantee inclusive management that better takes into consideration the challenges of gender diversity in the team dynamic, a training course tailored for management committees designed with the human resources consulting firm Korn Ferry was rolled out in 2020 and given to more than 450 managers. In the United States, a similar training course on the seven unconscious biases in recruitment, promotion and performance evaluation was launched, in particular to take into account tensions between communities in the Americas;
- **a network of internal diversity and inclusion ambassadors** was launched in order to promote diversity within their scope of work by sharing Group initiatives. With over 40 members worldwide now, ambassadors can obtain support from local networks and may organize internal events and take part in diversity activities and associations in their countries. A sponsor at the Group level coordinates this network via bi-monthly meetings, with support from the communication teams.

4.2.7. Societal actions of the Faurecia Foundation



The Faurecia Foundation supports solidarity projects carried out worldwide by the Group's employees, aimed at promoting education, mobility and the environment. Thanks to the expertise and collective energy of its employees, the Faurecia Foundation wishes to make a positive contribution to society by sharing its time, know-how and funding and by forging bonds with associations in the heart of the regions where Faurecia operates.

4.2.7.1. Donations in the context of the Covid-19 crisis

Created in March 2020, the Faurecia Foundation began its activities at the time of the health and humanitarian crisis, and by making donations from the outset to the "Tous uni contre le

virus" fund, to the "Simplon Fund" and to hospitals in Wuhan, China:

- a donation of €50,000 euros to the "All united against the virus" alliance fund, composed of the Fondation de France/Public Hospitals of Paris and the Institut Pasteur. This donation was used to help healthcare professionals – whether in the hospital or not – to fund research projects as well as to support social workers and charities working with the most vulnerable populations;
- a donation of €50,000 to the "Simplon Fund" to support the #GardonsLeLien initiative, an essential solidarity action to support people isolated by the Covid-19 crisis. The objective of this initiative was – and continues to be – to equip hospitals, retirement homes and all affected structures with tablets to maintain the link between Covid-19 patients and their families and loved ones;

- the financing of coveralls and protective masks carried out in February 2020 for hospitals in Wuhan, where the Faurecia group has a strong industrial presence.

In addition to these donations, the Faurecia Foundation has also encouraged voluntary work in its local communities. Numerous initiatives have been organized by Faurecia employees in all countries where the Group operates: from supporting associations in need to donating equipment, employees have mobilized their talents and energy to promote Faurecia's solidarity within communities.

4.2.7.2. Launch of a first call for projects

At the same time, the Faurecia Foundation launched its first call for projects for Group employees. All Faurecia employees were invited to submit their project proposals, presented by employees themselves or in partnership with an association in which they are personally involved. Project leaders are required to participate and monitor them.

From among the 300 applications submitted at Faurecia's various sites around the world, the Group has gradually selected the eight projects likely to have the greatest social impact. In June 2020, following a final selection round, the Foundation's Board of Directors decided to select and support three winning projects in 2020.

A new call for projects for 2021 was launched among all employees, who mobilized from October to November 2020 to propose new projects. From the end of November 2020, the sites had to select promising projects that will be sent to the Selection Committee in March 2021 for a final selection in April 2021. The next call for projects will make it possible to select five of them, and in the long term, to have a pool of 10 projects in 2022.

4.2.7.3. First three winning projects in 2020

- **Education - Improving girls' education in India:** The project aims to support two schools located near Pune, where 400 girls between the ages of 5 and 15 attend school. The aim is to provide students with basic materials –books, pens, uniforms, bicycles, etc.– and to contribute to the renovation of the infrastructures in one of the establishments in order to stop pupils from dropping out. In view of the health crisis, during which schools were closed in India, the focus in 2020 was on training and raising awareness among teachers. An "Imagining Your Future" drawing competition was launched in October 2020 for 400 young girls and will be relaunched in January 2021, when the students return to class.
- **Mobility - Cycling to school in Morocco:** The project employees want to help children living in 15 remote villages near the city of Azilal by providing them with more than 100 bicycles, helmets and maintenance equipment to help them get to school safely and on their own every day.
- **Environment - Refauresta in Mexico:** The project's employees, in partnership with Humanife, a local association specializing in environmental issues, wish to accomplish two objectives: to contribute to the reforestation of the Puebla region while providing financial assistance to *Una Nueva Esperanza* –a local NGO working for children suffering from cancer– through the creation of a greenhouse of oak trees (12,000 per year) on one of their unused plots of land. After a five-year growth period, all revenue from this social enterprise will go to *Una Nueva Esperanza*.

4.2.8. Other social performance indicators



The information presented in this section has been disclosed referring to the provisions of Articles R. 225-105 and R. 225-105-1 of the French Code of commerce and with the key guidelines put forward by the "Global Reporting Initiative" and relating to employment data held by companies.

In the 35 countries in which the Group is present, 500 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 country, then 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 audit and reporting team within the Group's HR Management department.

Social reporting is articulated around two complementary axes of analysis: a 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 26, 2021 via the Group's usual consolidation system (Métis).

The scope concerned remains in line with the scope used in the financial report.

4.2.8.1. Headcounts

Number of employees 2020 vs. 2019



| | 2020 | | | | 2019 | | | | 2020 vs 2019 | | | |
|-----------------|----------------------|---------------------|---------------------|---|----------------------|---------------------|---------------------|---|----------------------|---------------------|---------------------|---|
| | Registered Employees | Temporary Employees | Number of Employees | Of which% of open-ended contracts (CDI) | Registered Employees | Temporary Employees | Number of Employees | Of which% of open-ended contracts (CDI) | Registered Employees | Temporary Employees | Number of Employees | Of which open-ended contracts (CDI) (in points) |
| Europe | 44,311 | 6,737 | 51,048 | 79.6% | 44,263 | 8,261 | 52,524 | 77.1% | 0.1% | -18.4% | -2.8% | 2.5 |
| North America | 19,607 | 1,328 | 20,935 | 82.9% | 19,751 | 823 | 20,574 | 89.5% | -0.7% | 61.4% | 1.8% | -6.6 |
| South America | 4,470 | 376 | 4,846 | 90.9% | 5,104 | 83 | 5,187 | 95.9% | -12.4% | 353.0% | -6.6% | -5.0 |
| Asia | 15,332 | 12,822 | 28,154 | 53.4% | 17,106 | 10,736 | 27,842 | 59.3% | -10.4% | 19.4% | 1.1% | -5.9 |
| Others | 7,641 | 1,307 | 8,948 | 69.7% | 7,475 | 1,894 | 9,369 | 62.2% | 2.2% | -31.0% | -4.5% | 7.6 |
| FAURECIA | 91,361 | 22,570 | 113,931 | 73.4% | 93,699 | 21,797 | 115,496 | 74.6% | -2.5% | 3.5% | -1.4% | -1.2 |

NUMBER OF EMPLOYEES

The Group's total headcount decreased by 1,565 people, or -1.4% in 2020.

This decrease is due to the combined effect of the acquisition of SAS Automotive (adding 4,900 employees, including 2,900 in Europe, 1,600 in the Americas and 400 in Asia and the rest of the world) in February 2020 and the contraction of our workforce by more than 6,400 employees in the context of the Covid-19 pandemic as of the first quarter of 2020.

On a like-for-like basis compared with 2019, the Group's total headcount decreased by more than 6,000 employees (-5.2%), of which a 7.9% decrease in Europe (-4,200 employees), a 3.2% drop in North America (-660 employees), a decline of 12.0% in South America (-620 employees), and 7.5% decrease in the rest of the world (-700 employees, mainly in North Africa). The total headcount remained stable in Asia (up 0.5% or an increase of 150 employees) due to the upturn in business in the second half of the year. The SAS Automotive scope, made up mainly of just-in-time sites, also saw its headcount decline by 400 people, mainly in Europe and in North and South America.

The relative share of open-ended employment changed slightly from 74.6% to 73.4% over the period. The share of temporary work increased marginally from 18.9% in 2019 to 19.8% at the end of 2020 given the resumption of activity in Asia in the second half of the year, after a low point of 12.1% at the end of the first half.

REGISTERED EMPLOYEES

The Group's registered employees fell by 2,338 people in 2020 (-2.5%). This decline was particularly noticeable in Asia (-10.4%, i.e. -1,774 people) and in South America (-10.2%, or -634 people).

Europe and North America were positively impacted by the integration of the registered SAS Automotive employees, i.e. +2,205 and +923 employees, respectively.

Excluding the scope effect related to the acquisition of SAS Automotive, the reduction in the Group's registered headcount was -6.4%, i.e. -6,000 people, mainly in Europe (-2,000 employees), in North and South America (-2,000 employees) and in Asia (-2,000 employees).

TEMPORARY EMPLOYEES

The number of temporary workers increased by nearly 800 employees (+3.5%) in 2020 due to the consolidation of SAS Automotive. They represented 19.8% of the Group's total headcount at the end of 2020, up by one point compared to 2019. This rate was 12.1% at the end of June 2020, at the height of the crisis.

In Europe, this rate dropped from 15.7% at the end of 2019 to 6.0% in June 2020 and 13.2% at the end of 2020. It reached 11.6% at the end of 2020 in Western Europe, compared to 15.6% in Central Europe.

This rate remains high in Asia (45.5%), with the proportion of temporary labor being structurally high in China. It was 35% at the end of June 2020.

Excluding consolidation effects, the temporary employee headcount remained stable compared to 2019 with a strong geographical disparity. Europe recorded a decrease of more than 2,000 temporary workers following the contraction of industrial activity due to the Covid-19 pandemic. Asia recorded an increase of 2,000 temporary workers due to the upturn in activity in the second half of the year.

Registered employees 2020 vs. 2019



| | 2020 | | | | 2019 | | | | Change 2020 vs 2019 |
|-----------------|---------------------|---|----------------------------------|---------------|---------------------|---|----------------------------------|---------------|---------------------|
| | Operators & workers | Technicians, foremen & administrative staff | Managers & skilled professionals | Total | Operators & workers | Technicians, foremen & administrative staff | Managers & skilled professionals | Total | |
| Europe | 28,551 | 6,195 | 9,565 | 44,311 | 28,474 | 6,582 | 9,207 | 44,263 | 0.1% |
| North America | 14,362 | 1,373 | 3,872 | 19,607 | 14,104 | 1,574 | 4,073 | 19,751 | -0.7% |
| South America | 3,323 | 660 | 487 | 4,470 | 3,828 | 795 | 481 | 5,104 | -12.4% |
| Asia | 6,441 | 1,408 | 7,483 | 15,332 | 7,251 | 1,995 | 7,860 | 17,106 | -10.4% |
| Others | 6,236 | 582 | 823 | 7,641 | 6,072 | 653 | 750 | 7,475 | 2.2% |
| FAURECIA | 58,913 | 10,218 | 22,230 | 91,361 | 59,729 | 11,599 | 22,371 | 93,699 | -2.5% |

The number of registered employees decreased by 2.5% in 2020, including a decrease of 0.6% for managers and skilled professionals, an 11.9% drop for technicians, foremen and administrative staff and a fall of 1.4% for operators and workers. Excluding the effects related to the acquisition of SAS Automotive, the number of registered employees fell by 6.4% in 2020, including 2.9% for managers and skilled professionals, 14.5% for technicians, foremen and administrative staff and 6.2% for operators and workers. These reductions are due to the impact of the Covid-19 health crisis.

In Europe, the headcount remained stable at +0.1% (due to the acquisition of SAS Automotive, which has a strong presence in Europe), of which +0.3% for operators and workers, -5.9% for technicians, foremen and administrative staff, and +3.9% for managers and skilled professionals. Excluding consolidation effects, the decline in the number of registered employees in Europe was -4.8%, of which -5.6% for operators and workers, and -8.7% for technicians, foremen and administrative staff. The number of managers and skilled professionals remained stable (+0.4%). The main impacts were in France, Germany, Poland and Romania.

In North America, the number of registered employees fell by -0.7%. Excluding the acquisition of SAS Automotive, this decrease was -5.0% of which -3.1% for operators and workers, -16.7% for technicians, foremen and administrative staff, and -7.3% for managers and skilled professionals, mainly in the United States.

In South America, the number of registered employees fell by 12.4% (-17.9% on a like-for-like basis), mainly in Brazil and Argentina.

In Asia, the number of registered employees fell by 10.4%. This decrease is 11.2% for operators and workers and 29.4% for technicians, foremen and administrative staff. At the same time, the number of managers and skilled professionals increased by 4.8%.

The other countries recorded a 2.2% increase in their registered employees due to the consolidation of SAS Automotive employees. On a like-for-like basis, the headcount decreased by 1.4%, mainly in South Africa, Tunisia and Russia.

Registered employees by type of contract 2020 vs. 2019



| | 2020 | | | 2019 | | | 2020 vs. 2019 | | |
|-----------------|----------------------------|----------------------------|---------------|----------------------------|----------------------------|---------------|----------------------------|----------------------------|--------------|
| | 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 | 40,618 | 3,693 | 44,311 | 40,486 | 3,777 | 44,263 | 0.3% | -2.2% | 0.1% |
| North America | 17,350 | 2,257 | 19,607 | 18,411 | 1,340 | 19,751 | -5.8% | 68.4% | -0.7% |
| South America | 4,403 | 67 | 4,470 | 4,973 | 131 | 5,104 | -11.5% | -48.9% | -12.4% |
| Asia | 15,028 | 304 | 15,332 | 16,504 | 602 | 17,106 | -8.9% | -49.5% | -10.4% |
| Others | 6,241 | 1,400 | 7,641 | 5,827 | 1,648 | 7,475 | 7.1% | -15.0% | 2.2% |
| FAURECIA | 83,640 | 7,721 | 91,361 | 86,201 | 7,498 | 93,699 | -3.0% | 3.0% | -2.5% |

The number of employees with open-ended contracts fell by 2,570 people, or 3.0%. Over the same period, employees on fixed-term contracts increased by 3.0%, i.e. 223 people. The impact of the acquisition of SAS Automotive represents the integration of more than 3,450 employees with open-ended contracts and more than 360 employees with fixed-term contracts in February 2020, of which more than 57% in Europe (mainly in Germany and Spain). Open-ended contracts

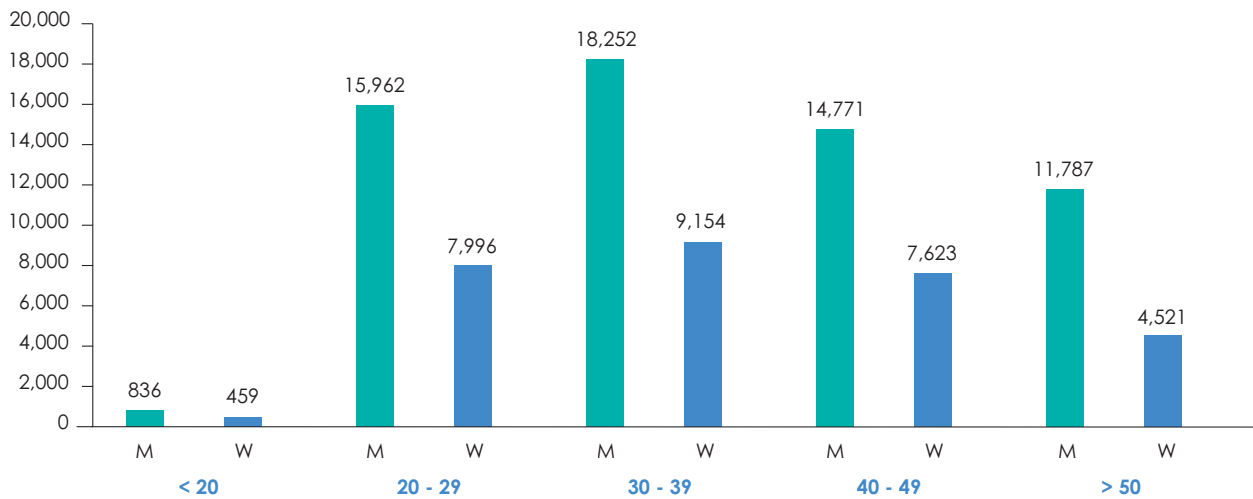
accounted for 91.6% of the registered employees in 2020, as opposed to 92.0% in 2019.

Excluding consolidation effects, the number of employees on open-ended contracts decreased by 6.8%, i.e. 5,900 people (-1,900 in North America, -1,700 in Europe, -1,500 in Asia and -800 in South America). There was a 1.3% fall in the number of fixed-term contracts, i.e. -100 people.

2020 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 | 741 | 413 | 10,787 | 5,404 | 10,516 | 6,054 | 8,806 | 5,645 | 6,997 | 3,550 | 37,847 | 21,066 |
| Technicians, foremen & administrative staff | 95 | 46 | 1,817 | 1,101 | 1,765 | 828 | 1,802 | 664 | 1,635 | 465 | 7,114 | 3,104 |
| Managers & skilled professionals | 0 | 0 | 3,358 | 1,491 | 5,971 | 2,272 | 4,163 | 1,314 | 3,155 | 506 | 16,647 | 5,583 |
| TOTAL | 836 | 459 | 15,962 | 7,996 | 18,252 | 9,154 | 14,771 | 7,623 | 11,787 | 4,521 | 61,608 | 29,753 |



Women represent 32.6% of the Group's registered workforce, a ratio that is stable compared with 2019. They accounted for 35.8% of operators and workers, 30.4% of technicians, foremen and administrative staff, and 25.1% of managers and skilled professionals at the Group level. Faurecia is a relatively young Group with 57.6% of employees aged under 40 and 27.6% aged under 30. 16,308 of registered employees are aged over

50, i.e. 17.9%, up 0.6 points as compared to 2019. For all age brackets, the breakdown by staff category remained stable, with operators and workers accounting for 65% of registered employees, technicians, foremen and administrative staff representing 11%, and managers and skilled professionals accounting for 24%.

Acquisition in 2020

Registered employees

| | 2020 | | | 2020 | | | Total |
|-----------------|----------------------------|----------------------------|--------------|---------------------|---|----------------------------------|--------------|
| | Open-ended contracts (CDI) | Fixed-term contracts (CDD) | Total | Operators & workers | Technicians, foremen & administrative staff | Managers & skilled professionals | |
| Europe | 1,853 | 352 | 2,205 | 1,672 | 247 | 286 | 2,205 |
| North America | 923 | 0 | 923 | 728 | 98 | 97 | 923 |
| South America | 408 | 16 | 424 | 316 | 87 | 21 | 424 |
| Asia | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 268 | 0 | 268 | 231 | 15 | 22 | 268 |
| FAURECIA | 3,452 | 368 | 3,820 | 2,947 | 447 | 426 | 3,820 |

This table presents the profile by contract and socio-professional category of SAS Automotive employees integrated in February 2020.

4.2.8.2. Hiring

Departures by reason 2020 vs. 2019



Registered employees

| | 2020 | | | | | 2019 | | | | |
|-----------------|-------------------------------------|--------------------|---------------|--------------|---------------|-------------------------------------|--------------------|---------------|--------------|---------------|
| | Resignations (open-ended contracts) | Individual layoffs | Group layoffs | Others * | Total | Resignations (open-ended contracts) | Individual layoffs | Group layoffs | Others | Total |
| Europe | 2,126 | 1,986 | 540 | 2,146 | 6,798 | 3,170 | 2,422 | 186 | 2,205 | 7,983 |
| North America | 1,801 | 4,215 | 804 | 1,829 | 8,649 | 2,364 | 4,588 | 397 | 1,898 | 9,247 |
| South America | 239 | 995 | 367 | 135 | 1,736 | 125 | 899 | 174 | 101 | 1,299 |
| Asia | 1,598 | 794 | 938 | 445 | 3,775 | 3,235 | 1,918 | 799 | 661 | 6,613 |
| Others | 358 | 337 | 48 | 889 | 1,632 | 488 | 168 | 3 | 699 | 1,358 |
| FAURECIA | 6,122 | 8,327 | 2,697 | 5,444 | 22,590 | 9,382 | 9,995 | 1,559 | 5,564 | 26,500 |

* Of which 2,762 fixed-term contracts ended, 2,094 resignations from fixed-term contracts, and 588 retirements or deaths.

The number of employees who left the Group totaled 22,590 in 2020, compared with 26,500 in 2019, an decrease of 14.8%. 12.2% of them were at the end of a fixed-term contract. Resignations of employees with open-ended contracts represented 27.1% of departures in 2020 compared with 36.6% in 2019, down 38% for operators and workers, 32% for technicians, foremen and administrative staff, and 25% for

managers and skilled professionals. Operators and workers accounted for 69%, technicians, foremen and administrative staff accounted for 8%, and managers and skilled professionals accounted for 23% of these resignations. The proportion of individual and group layoffs increased from 43.6% to 48.8% of total departures, mainly in North and South America.

Employees with disabilities 2020 vs. 2019

| | 2020 | 2019 |
|-----------------|--------------|--------------|
| Europe | 951 | 936 |
| North America | 23 | 15 |
| South America | 122 | 150 |
| Asia | 69 | 42 |
| Others | 49 | 43 |
| FAURECIA | 1,214 | 1,186 |

Faurecia employs more than 1,200 people with disabilities, mainly in Europe. This figure is up by 2.4% compared to 2019 due to the consolidation of the Clarion Electronics and SAS Automotive scopes for this indicator in 2020.

On a like-for-like basis, the headcount of people with disabilities is 1,129 employees, i.e. a 4.8% drop compared with 2019.

The notion of disabled employees is defined by legislation in each country, with more proactive legislation 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.

4.2.8.3. Work organization and absenteeism

Work organization for 2020

Registered employees

| | Two 8-hr shifts ⁽¹⁾ | Three 8-hr shifts ⁽²⁾ | Weekend ⁽³⁾ | Others | Total |
|-----------------|--------------------------------|----------------------------------|------------------------|---------------|---------------|
| Europe | 10,215 | 14,682 | 285 | 19,129 | 44,311 |
| North America | 7,338 | 4,541 | 38 | 7,690 | 19,607 |
| South America | 1,258 | 791 | 0 | 2,421 | 4,470 |
| Asia | 3,651 | 928 | 115 | 10,638 | 15,332 |
| Others | 3,582 | 2,257 | 0 | 1,802 | 7,641 |
| FAURECIA | 26,044 | 23,199 | 438 | 41,680 | 91,361 |

(1) Work in two shifts.

(2) Work in three shifts.

(3) Reduced weekend hours.

The organization of work aims to meet the needs of our customers taking into account the production capacity of our plants. The so-called shift schedules ((1), (2) and (3)) which concern primarily our production plants, account for nearly 55% of our registered employees.

Absenteeism at 31/12/2020 vs. 31/12/2019

| | 2020 | | | | Abs. rate 2020 | Abs. rate 2019 |
|-----------------|------------------|---|------------------|------------------|----------------|----------------|
| | Sick leave | Absence as a result of work-related accidents | Other absences | Total | | |
| Europe | 2,491,725 | 110,684 | 350,520 | 2,952,929 | 4.6% | 3.9% |
| North America | 328,339 | 13,857 | 590,645 | 932,841 | 2.6% | 2.3% |
| South America | 109,910 | 5,353 | 59,307 | 174,570 | 2.3% | 1.6% |
| Asia | 69,771 | 2,488 | 94,487 | 166,746 | 0.6% | 0.5% |
| Others | 239,669 | 22,464 | 61,908 | 324,041 | 2.5% | 1.7% |
| FAURECIA | 3,239,414 | 154,846 | 1,156,867 | 4,551,127 | 3.0% | 2.6% |

This indicator is consolidated by including the Clarion Electronics and SAS Automotive scopes in 2020. Absenteeism reported was due to illness, workplace accidents and various unauthorized absences. On a like-for-like basis compared with 2019, the number of hours of employee absence amounted to 4.1 million in 2020, an increase of 2% compared with 2019. At the same time, hours worked decreased by

15.0% from 160.1 million to 136.3 million over the period, a reduction due to the drop in activity in connection with the Covid-19 health crisis. This resulted in an absenteeism rate that increased to 3.0% in 2020 on a like-for-like basis as well. Sick leave accounted for nearly 71% of hours of absence recorded across the Group. This percentage is nearly 85% in Europe.

4 Extra Financial Performance

Social performance

Maternity/paternity/parental leave at 31/12/2020



| | Maternity leave | | | | Paternity leave | | | | Parental leave | | | | Total | | | |
|-----------------|---------------------|---|----------------------------------|--------------|---------------------|---|----------------------------------|--------------|---------------------|---|----------------------------------|------------|---------------------|---|----------------------------------|--------------|
| | Operators & workers | Technicians, foremen & administrative staff | Managers & skilled professionals | Total | Operators & workers | Technicians, foremen & administrative staff | Managers & skilled professionals | Total | Operators & workers | Technicians, foremen & administrative staff | Managers & skilled professionals | Total | Operators & workers | Technicians, foremen & administrative staff | Managers & skilled professionals | Total |
| Europe | 716 | 124 | 193 | 1,033 | 444 | 129 | 218 | 791 | 517 | 126 | 171 | 814 | 1,677 | 379 | 582 | 2,638 |
| North America | 183 | 16 | 52 | 251 | 274 | 50 | 83 | 407 | 15 | 1 | 6 | 22 | 472 | 67 | 141 | 680 |
| South America | 29 | 12 | 7 | 48 | 71 | 11 | 7 | 89 | 0 | 0 | 0 | 0 | 100 | 23 | 14 | 137 |
| Asia | 90 | 49 | 136 | 275 | 201 | 25 | 252 | 478 | 37 | 34 | 70 | 141 | 328 | 108 | 458 | 894 |
| Others | 259 | 24 | 32 | 315 | 4 | 2 | 5 | 11 | 0 | 0 | 2 | 2 | 263 | 26 | 39 | 328 |
| FAURECIA | 1,277 | 225 | 420 | 1,922 | 994 | 217 | 565 | 1,776 | 569 | 161 | 249 | 979 | 2,840 | 603 | 1,234 | 4,677 |

This indicator is consolidated by including the Clarion Electronics and SAS Automotive scopes in 2020. The number of employees on maternity leave increased by 4.8% in 2020, mainly in Europe. Those with paternity leave decreased by

1.9% mainly in Asia. Parental leave decreased by 4.6% (mainly in Central Europe). The conditions and durations of maternity/paternity and parental leave are governed by legislation in each country.

Occupational illnesses by type as at 31/12/2020



| | 2020 | | | | | |
|-----------------|---------------------------------------|--------------------------------|----------------------|---------------------------------|-----------|------------|
| | Musculoskeletal disorders of the arms | Musculoskeletal back disorders | Exposure to asbestos | Deafness or hearing impairments | Others | Total |
| Europe | 142 | 17 | 2 | 1 | 20 | 182 |
| North America | 9 | 3 | 0 | 0 | 1 | 13 |
| South America | 5 | 0 | 0 | 0 | 1 | 6 |
| Asia | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 |
| FAURECIA | 156 | 20 | 2 | 1 | 22 | 201 |

This indicator is consolidated by including the Clarion Electronics and SAS Automotive scopes in 2020. 0.2% of the Group's registered employees had an occupational illness in 2020. This ratio was 0.3% in 2019. Musculoskeletal disorders of

the arms accounted for almost 88% of the occupational illnesses recorded within the Group. The conditions for recognition of these different pathologies are governed by legislation in each country.

Subcontracting 2020

| | 2020 | | | 2019 | | |
|-----------------|---------------------------------|------------------------|--------------|---------------------------------|------------------------|--------------|
| | One-off subcontracting projects | Ongoing subcontracting | Total | One-off subcontracting projects | Ongoing subcontracting | Total |
| Europe | 416 | 1,657 | 2,073 | 567 | 1,425 | 1,992 |
| North America | 231 | 571 | 802 | 504 | 521 | 1,025 |
| South America | 185 | 462 | 647 | 296 | 420 | 716 |
| Asia | 289 | 598 | 887 | 85 | 631 | 716 |
| Others | 82 | 286 | 368 | 82 | 260 | 342 |
| FAURECIA | 1,203 | 3,574 | 4,777 | 1,534 | 3,257 | 4,791 |

This indicator is consolidated by including the Clarion Electronics and SAS Automotive scopes in 2020. The need for subcontracting remained stable in 2020 despite the downturns/stoppages at our production plants due to the Covid-19 health crisis. The greater use of

safety/security/cleaning and maintenance service providers in response to the health crisis explains why. On a like-for-like basis compared with 2019 (excluding Clarion Electronic and SAS Automotive), subcontracting recorded a decrease of 10%, particularly to support production and R&D teams.

4.3. Environmental performance

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.

The reduction of environmental impacts is part of the Group's product approach: it involves reducing the greenhouse gas

footprint in all of the Group's activities, particularly in the design and manufacture of products, or reducing greenhouse gas emissions from vehicles, by reducing mass and improving energy efficiency (for example by using energy recovery technologies). In addition to climate effects, impacts on the planet are controlled from the design stage through analyses covering the entire life cycle of the products.

| Risks environmental | Key performance indicators * | 2018 | 2019 | 2020 | 2019/2022 Targets |
|--|--|-------|-------|-------|---|
| Climate transition | ■ Tons of CO ₂ equivalent/€m of sales (scopes 1 and 2 calculated on a production scope, in 2020 with around 779,000 tons of CO ₂ equivalent, emissions are decreasing compared to 2019, including a calculation uncertainty of +/-11%, mainly due to emission factors) | 41 | 42 | 47 * | -20% |
| Environmental impact of sites and climate change | ■ Percentage of ISO 14001-certified production plants | 77.7% | 77.0% | 79.0% | Continuous improvement |
| | ■ Tons of untreated waste/€m of sales | 14 | 15 | 13.5 | -5% |
| | ■ Energy consumption (MWh)/€m of sales | 116 | 117 | 120 * | -10% |
| Environmental opportunities | Key performance indicators | 2018 | 2019 | 2020 | 2019/2022 Targets |
| Waste recycling/recovery | ■ Waste recycling rate (externally) | 58% | 59% | 60% | |
| EcoDesign and product life cycle | ■ Rollout of the EcoDesign methodology (based on simplified life cycle analyses) | - | - | - | Assess 100% of the innovation portfolio and 80% of the portfolio of existing products |

* The year 2020 saw prolonged shutdowns of factories due to the Covid-19 pandemic, which generated residual energy consumption without generating turnover.

4.3.1. Environmental policy

4.3.1.1. Governing policies and bodies

The HSE policy is steered by the Group's QHSE (quality, hygiene, safety and environment) department. It is broken down into action plans aimed at improving the Group's environmental performance.

The organization of Faurecia's HSE comprises a Group HSE Officer supported by a network of HSE Officers in each Business Group. This network meets once a month. Each Business Group's HSE department is organized with a network of operating division and site HSE managers.

4.3.1.2. Strengthen the environmental culture of the teams

The "Green Attitudes" campaign aims to deploy Faurecia's HSE policy at its sites. This campaign 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 environmental attitudes to adopt, an online training module and a self-assessment questionnaire. The latter enables the progress by sites in adopting good environmental attitudes to be measured. Since 2019, monitoring of these action plans has also been audited via the Faurecia Excellence System (FES) management 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 14 years of Faurecia's experience and has been continuously enriched with the best internal and external practices (Lean Manufacturing). The FES makes it possible to secure a best in class operational performance of Faurecia's production plants worldwide, whatever their geographical position and their local activity specificities, thanks to common working methods and language.

4.3.1.3. Training employees on the sites environmental impact

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 2020, more than 35,413 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.

The training provided by external organizations helps to develop internal expertise, such as mastering the ISO 14001 certification process.

4.3.1.4. The investment related to protecting the environment

In 2020, investments related to environmental protection and dedicated to energy efficiency amounted to €13.5 million. Around 67% of the investments are dedicated to energy efficiency. Provisions for environmental risks represented €3,676,000. Provisions are mainly related to site remediation costs.

In accordance with the applicable regulatory provisions, Faurecia has identified two French sites subject to the obligation to provide financial guarantees to improve their safety. In 2020, the amount of guarantees provided amounted to €427,206 for the sites in question.

4.3.2. **EFPD** Environmental impact of production plants and climate change



4.3.2.1 **EFPD** Improving the environmental performance of sites

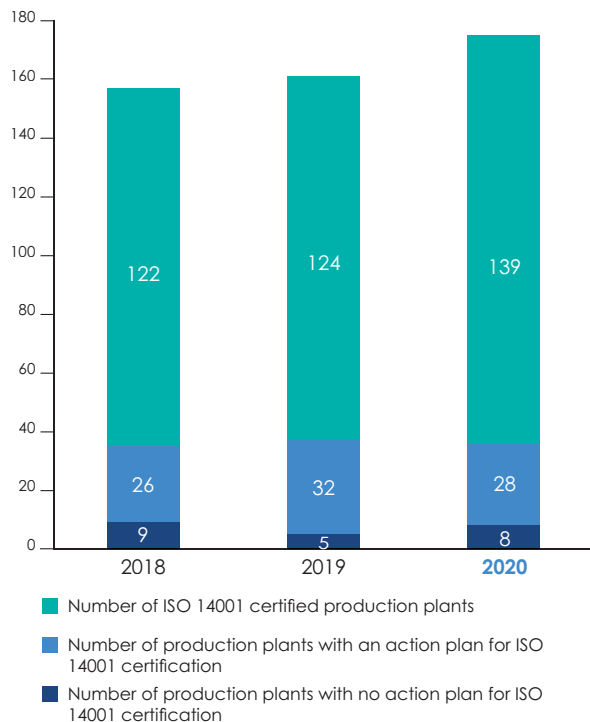
As part of the implementation of Faurecia's environmental policy, the Business Groups have committed to an ISO 14001 certification approach for all production plants with over two years' activity. Through this certification, Faurecia commits to responding to its customers' requirements and thereby to demonstrating its environmental performance.

In 2020, 79% of production plants held ISO 14001 certification, an increase of around 4% at constant scope. At actual scope, an increase of 2% was observed. This increase is due to the entry of 24 new sites into the reporting of which 13 are certified ISO 14001. Nine plants were newly certified during 2020.

In 2020, 32 assembly sites (known as Just in Time sites) and 13 research and development sites were also ISO 14001 certified.

The percentage of sites with ISO 14001 certification (or having an action plan for ISO 14001 certification, with more than two years of activity) is tracked every six months by the Risk Committee.

Number of production plants with ISO 14001 certification



4.3.2.2. Controlling and reducing the energy and electricity consumption of sites



As part of the CO₂ neutrality project, Faurecia has entered into a strategic partnership with the Schneider Electric group to support its commitment to achieve the CO₂ neutrality of its scopes 1 and 2 emissions by 2025. A significant part of greenhouse gas emissions in Faurecia's operations are direct emissions from controlled facilities and indirect emissions from energy procured (scopes 1 and 2 respectively). The project consists of reducing energy consumption through the adoption of innovative digital solutions targeting energy efficiency and heat recovery, followed by the purchase or local production of renewable electricity and the purchase of energy produced from biomass based fuels. It is rolled out at all of Faurecia's sites worldwide.

On a daily basis, Faurecia sites are therefore committed to improving their energy consumption by optimizing the energy efficiency of their buildings and production facilities and improving their energy purchases.

GROUP ENERGY CONSUMPTION



Electricity and natural gas are the two most used energy sources (respectively 72% and 24%) by Faurecia sites for industrial and service uses.

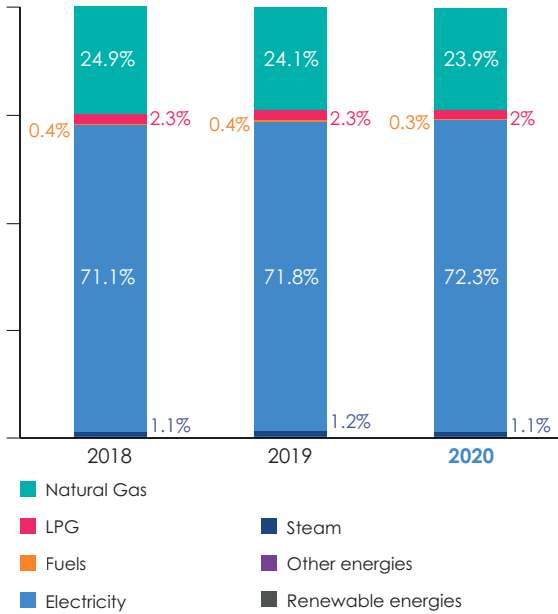
In 2020, total energy consumption was 1,700,000 MWh (down 17% at constant scope compared to 2019).

Faurecia's energy intensity in 2020:
120 MWh/€m of sales

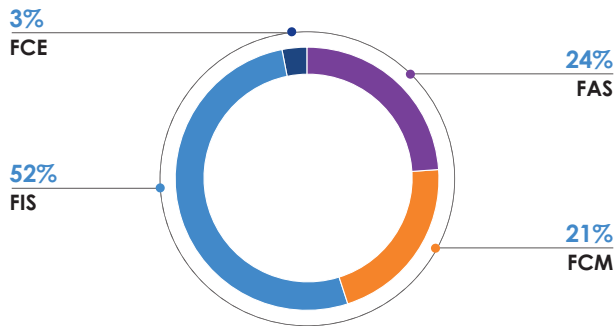
At actual scope, total energy consumption decreased by 15%.

Two reasons can explain this decrease. The first is the drop in production caused by the Covid pandemic, and the second reason is the implementation sites of energy-saving actions: switching to LEDs and installing more efficient equipment.

Energy consumption, overall and by source



Breakdown of total energy consumption by Business Group in 2020



ENCOURAGING ENERGY SAVINGS AT SITE LEVEL

As part of the CO2 neutrality project, the Group carried out an energy study on ten pilot sites to serve as a benchmark for a global strategic study of the potential savings at all its sites. This study led to the identification of the actions and investments that will be deployed on a site-by-site basis worldwide over the years 2021 and 2022. The expected savings potential amounts to more than 15% and the investments total more than €70 million.

On a daily basis, the Group encourages sites to implement energy saving actions, using various levers:

■ energy audits

In parallel, the sites conduct energy audits to identify other energy saving possibilities. Since 2015, 88 sites (19 assembly sites, 61 production plants and eight research and development sites) have carried out an energy audit, i.e. 36% of the sites included in the reporting scope. Of the sites that performed these energy audits, 23% did so on a voluntary basis;

■ improving the energy efficiency of buildings and production facilities

In 2020, 133 sites (including 105 production plants, 17 assembly sites and 11 research and development sites), or 55% of the sites included in the reporting scope, implemented initiatives to increase the energy efficiency in their buildings and production tools. In total, the amounts invested represented more than €9,1 million, or +10% of the amounts invested in 2020 (more than €8.2 million).

The actions most commonly mentioned by the sites to maximize energy efficiency were the installation of intelligent lighting systems, the use of LEDs, building insulation work, and buying or refurbishing production machines that consume less energy (changing or buying compressor systems). The Bains-sur-Oust site, in the Faurecia Interiors Business Group in France, for example, invested €1.2 million to change a cooling unit.

The Mouzon AST site in France, in the Faurecia Interiors Business Group, invested €1.1 million to replace a cooling unit and a hydraulic network. The Bakov site in the Czech Republic (Faurecia Clean Mobility Business Group) invested around €4 million in the installation of LED lighting and solar sheets in the windows.

■ LEED certification® of all new buildings

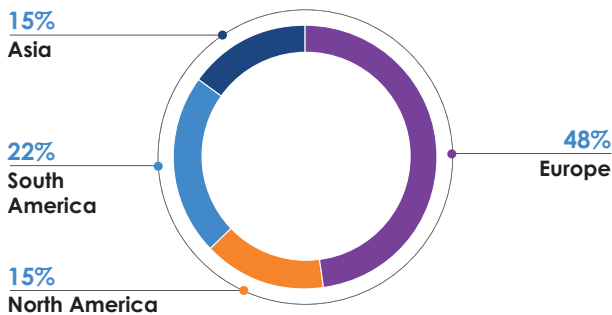
To improve the energy efficiency of buildings and, more generally, to reduce their environmental impacts starting from the design phase, the Group encourages all of its new buildings (new constructions) to be LEED® (Leadership in Energy and Environmental Design) certified. To obtain certification, new buildings must meet strict requirements in terms of site layout, efficient water management, energy use, the selection of materials, interior air quality and design factors.

Supplying decarbonized energy

Faurecia is committed to purchasing increasingly low-CO₂ electricity, in collaboration with its suppliers, site by site. In 2020, a global action plan was launched over the 2020-2025 period to produce or buy even more CO₂-free electricity, better than local power grids, in particular by on-site or off-site power purchase agreements.

In 2020, the average percentage of the Group's carbon-free electricity is higher than 15%, of which 23% is renewable electricity, mainly wind, hydraulic and solar.

Geographic distribution of renewable energy consumption



The Faurecia Seating Business Group represents 39% of the Group's total waste and 15% of the waste disposed of in landfills.

Faurecia's waste intensity in 2020:
13.5 tons of untreated waste/€m of sales

REDUCTION AND RECOVERY ACTIONS IMPLEMENTED BY THE SITES

GRI GRI 103-2, GRI 306-2

Sites are implementing local initiatives that improve the sorting of waste, recovery of waste as energy or material, and reincorporating production scraps into processes or reusing waste. In 2020, 54 sites (including 37 production plants, eight assembly sites and nine research and development sites) have implemented waste management actions.

- 60% of waste is recycled externally (an increase of 2% at constant scope compared to 2019). Waste recycled outside the site was reprocessed/transformed by external companies.
- 15% of waste is recovered with energy recovery (an increase of 1% at constant scope compared to 2019). Energy recovery involves using the waste's calorific value by burning it and recovering this energy in the form of heat or electricity.
- 1% of waste is reused externally without transformation (i.e. a decrease of 1% at constant scope compared to 2019).

4.3.2.3. EFPD Preventing, managing and recovering waste

Faurecia's industrial sites work on a daily basis to reduce, recover or recycle whenever possible the waste generated throughout the production chain.

A STABLE RATE OF WASTE GENERATED

GRI GRI 103-1, GRI 103-3, GRI 306-3

In 2020, the sites generated 192,387 tons of waste (stable at a constant scope and actual scope compared to 2019), 63% of which was non-hazardous waste. 76% of waste from Faurecia sites was recycled, recovered or reused externally and 17% of waste was disposed of in landfills.

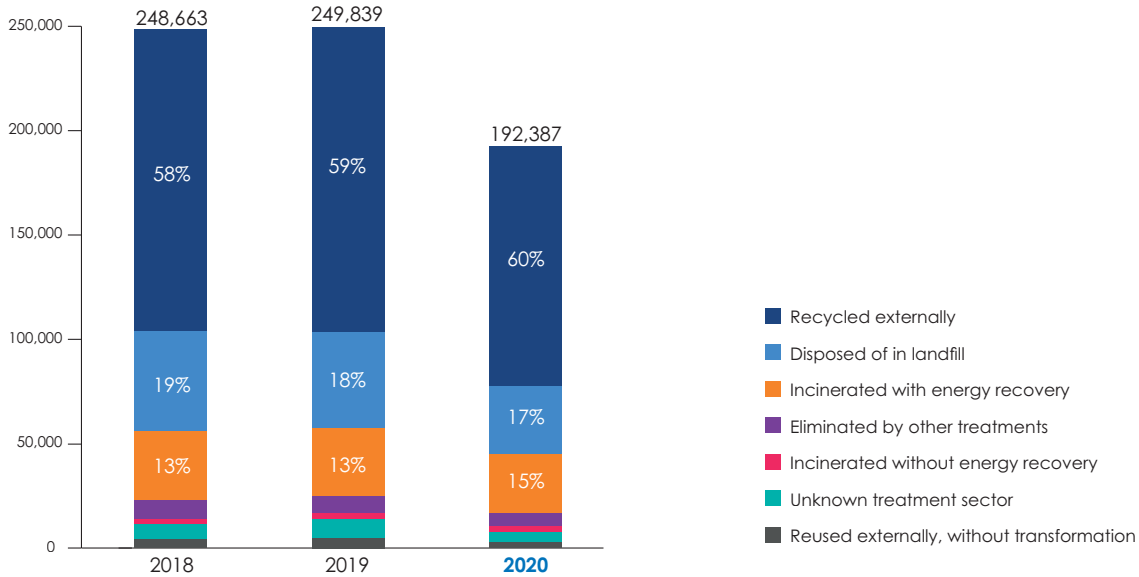
The Faurecia Interiors Business Group represents 40% of the Group's total waste and 72% of the waste disposed of in landfills. In 2020, the Business Group reduced its tonnage of hazardous waste sent to landfills by 11%.

In total, in 2020 76% of waste from Faurecia's sites was recycled, recovered or reused externally (an increase of 2% at constant scope compared to 2019).

4 Extra Financial Performance

Environmental performance

Breakdown of total amount of waste generated, in tons, by treatment method



Breakdown by % of generated waste by treatment method and by continent

| | Europe | North America | South America | Asia | Other countries |
|---|--------------|---------------|---------------|--------------|-----------------|
| Externally recycled | 55.8% | 67.8% | 80.9% | 63.0% | 38.6% |
| Incinerated with energy recovery | 19.2% | 3.1% | 0.5% | 14.8% | 39.4% |
| Reused externally, without transformation | 1.1% | 1.3% | 0.9% | 3.4% | 0.2% |
| Sub-total of recycled and recovered waste | 76.1% | 72.2% | 82.3% | 81.2% | 78.2% |
| Disposed of in landfill | 14.2% | 26.6% | 8.0% | 11.7% | 18.6% |
| Incinerated without energy recovery | 1.2% | 0.4% | 9.0% | 3.2% | 0.4% |
| Eliminated by other treatments | 4.7% | 0.1% | 0.8% | 3.3% | 2.9% |
| Unknown treatment sector | 3.8% | 0.8% | 0.0% | 0.5% | 0.0% |
| Sub-total of non-recovered waste | 23.9% | 27.9% | 17.8% | 18.7% | 21.9% |
| Distribution of Faurecia's production plants by continent | 40% | 16% | 4.5% | 35% | 4.5% |

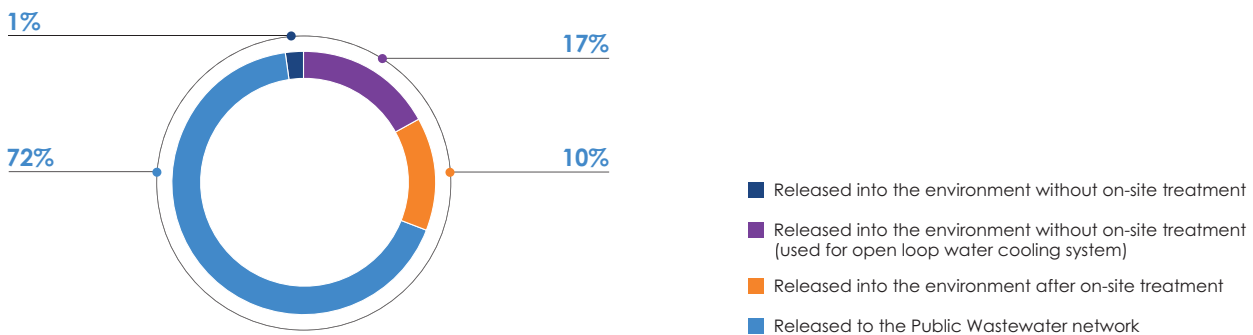
LIMITING ACCIDENTAL DISCHARGES INTO WATER AND SOIL

GRI GRI 103-1, GRI 103-2, GRI 303-1, GRI 303-2

This risk, which is inherent to a site's industrial activity, is well understood by Faurecia's sites and their operators, who are trained to react in the event of an accidental spill, in particular through the "10 environmental attitudes" training program. In addition, all the ISO 14001-certified sites systematically include prevention of this risk in their management system.

Destination of released water, in % in 2020

GRI GRI 303-4



Since 2012, Faurecia has been assessing the environmental risks of its industrial projects by systematically conducting environmental audits and subsoil investigations research when appropriate.

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.

Biodiversity: Location of Faurecia sites and the local natural environment

21 sites, comprising 14 production plants, five assembly sites and two research and development sites, are located less than three kilometers from a protected area. 81% of these sites are located in Europe, 10% in Latin America, 5% in North America and 5% in South Africa.

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, etc.), and natural water area (rivers and streams) protection zones.

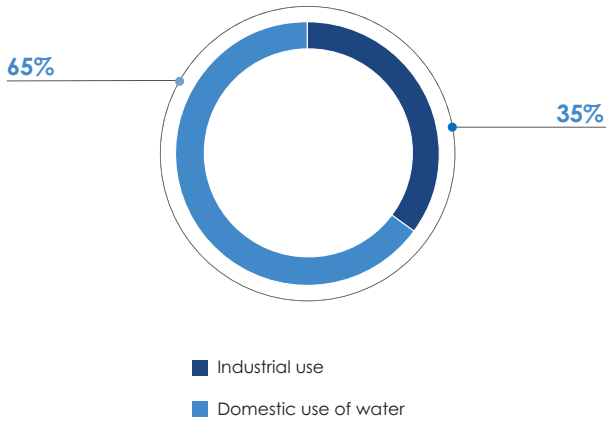
MAKING BETTER USE OF WATER RESOURCES

GRI GRI 103-3

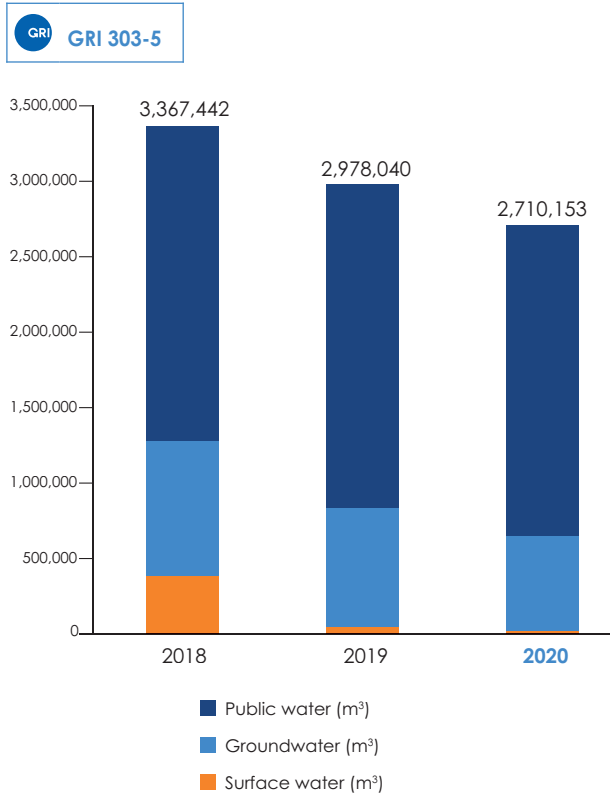
Sanitary use represents 65% of water consumption at Faurecia's sites (see beside, the diagram breaking down consumption by use). Faurecia's total water consumption in 2020 was 2,710,000 m³, a decrease of 18% compared to 2019 at constant scope (-6% at actual scope). This decrease is mainly due to the Covid-19 pandemic which led, in average, to a minimum two-month closure of the sites.

In addition, this decrease is due to the treatment in 2020 of leaks in four sites (Beaulieu FCM, Henin-Beaumont FIS, Yeongcheon FAS and Theilley FCM). Finally, the Beaulieu FCM site has transformed its cooling circuit from open to closed.

Breakdown of water consumption, by use in 2020



Water consumption by source of supply in m³



LIMITING THE USE OF DANGEROUS CHEMICAL PRODUCTS

Faurecia has implemented a system for managing substances throughout the supply chain, from suppliers to manufacturing customers, for all its products delivered. Among other benefits, this approach gives the Group access to complete information on the substances entering into its products, in compliance with regulations such as the European Union's REACH (Registration, Evaluation and Authorization of Chemicals) regulation.

Identifying substances of concern

Faurecia has developed an anticipatory approach to the identification and sharing of information within the supply chain on 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.

Anticipating and proposing substitutes

Faurecia participates in the work carried out in collaboration with automakers and various professional associations in order to anticipate possible restrictions on the use of substances in the coming years, in order to be responsive and to carry out projects to replace certain substances when this is necessary.

The Group oversees the REACH and GADSL working groups (Global Automotive Declarable Substance List).

LIMITING VOLATILE ORGANIC COMPOUND (VOC) EMISSIONS



Faurecia has implemented processes to limit VOC emissions into the air. These emissions are regulated worldwide because they contribute to the formation and accumulation in the environment of harmful compounds, such as ozone.

In 2020, VOC emissions amounted to 1,281 tons (i.e. -26% at constant scope and -24% at actual scope compared to 2019).

The Faurecia Interiors Business Group sites are the Group's main source of VOC emissions (65%) due to activities requiring significant use of glues, paints and release agents. 52 production plants from this Business Group are responsible for 65% of the Group's VOC emissions. It should be noted that the VOC emissions of the Faurecia Interiors Business Group were down by 27% at constant scope compared to 2019. This decrease is mainly due to the significant drop in production due to the Covid-19 pandemic and, the introduction of new equipment (solvent recycling machines and electrostatic guns).

Reducing VOC emissions from products

For several years, Faurecia has been studying VOC emissions impacting air quality in the passenger compartment (VIAQ for Vehicle Interior Air Quality). In this context, the Group has developed low-emission materials and products through its Faurecia Interiors and Faurecia Seating Business Groups. In collaboration with its suppliers, the Faurecia Composite Technologies division, within the Faurecia Clean Mobility Business Group, is also developing new materials based on styrene-free polyester and vinyl ester resin, which aim to reduce VOC emissions when manufacturing parts and in vehicle interiors.

Faurecia also takes part in working groups on VIAQ at the United Nations level, in collaboration with carmaker representatives. Faurecia's participation in these working groups aims to continually improve its knowledge of measurement methodologies and the impact of products in vehicle interiors.

4.3.3. EFPD Climate transition risk management



4.3.3.1. EFPD Reducing the CO₂ footprint of sites and activities



As part of its Group approach to sustainable development, Faurecia has set itself the goal of achieving CO₂ neutrality at its sites (scopes 1 and 2) in 2025. The Group also aims to achieve CO₂ neutrality (scope 3) for the rest of its controlled emissions by 2030. This includes in particular the indirect

footprint of Faurecia's activities, including a majority of purchasing, freight, travel, waste products, buildings, and product recycling operations. In concrete terms, this means that by 2030 the Group will have reduced its greenhouse gas emissions by almost 50% and, depending on the existing technologies, will offset all remaining emissions by taking part in CO₂ removal projects.

A project officer was appointed in November 2019 with the task of defining a strategy and implementing it in partnership with the Business Groups.

A CO₂ neutrality strategy validated by SBTi



Faurecia's commitments to CO₂ neutrality and its greenhouse gas emission reduction trajectories and targets were approved in November 2020 by the Science Based Targets (SBTi) initiative. SBTi is a joint initiative of the CDP (Carbon Disclosure Project), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). It defines and promotes best practices in science-based target setting and independently assesses company targets and trajectories.

The targets approved by SBTi thus cover the greenhouse gas emissions from Faurecia's activities on a global scale (scopes 1 and 2), which are compatible with the reduction required to limit global warming to 1.5°C. This threshold corresponds to the objective of the Paris Agreement and is the most ambitious of the thresholds proposed by SBTi. Faurecia's scope 3 roadmap by 2030 was also approved by SBTi and deemed ambitious and consistent with current best practices.

Since 2012, Faurecia has estimated its direct (scope 1)⁽¹⁾ and indirect (scope 2)⁽²⁾ emissions and since 2016, includes its emissions related to the Group's entire value chain, i.e. including upstream and downstream from its business activity (scope 3)⁽³⁾.

In 2020, the Group updated its annual carbon footprint, in partnership with Deloitte. Several methodological improvements were made in order to refine the estimates, in particular for the significant items of the CO₂ footprint (see section "Methodology for calculating CO₂ emissions"). In addition, a change in the reporting scope was carried out in 2020 to include the SAS and FCE Business Groups. In accordance with the SBTi recommendations, and of the GHG Protocol, Faurecia recalculated its 2019 footprint, to retroactively take into account the activities of SAS and FCE. Methodological improvements made to the 2020 CO₂ footprint were also reflected in the recalculated 2019 footprint. Faurecia's contribution to global greenhouse gas emissions in 2020 is estimated at around 25 MtCO₂e (scopes 1, 2 and 3), i.e.

a decrease of 20.4% compared to 2019 (recalculated footprint). This decrease is mainly explained by the Covid-19 pandemic which had an effect on the group's sales and therefore also on the activity of manufacturing sites and the purchases of raw materials, but also by an improvement in energy performance.

In 2020, Faurecia's direct and indirect emissions (scopes 1 and 2) amounted to approximately 779,000 tonnes of CO₂e, a decrease of 14.6% compared to 2019. Scopes 1 and 2 emissions represent around 3% of the Group's total CO₂ footprint.

**Faurecia's CO₂ intensity in 2020:
47 tons of CO₂ equivalent/€m sales**

(1) Scope 1: Direct emissions corresponding to consumption of the primary energy source (natural gas, domestic heating oil, etc.).

(2) Scope 2: Indirect emissions corresponding to energy consumption (electricity, heat) that the Company uses but does not produce.

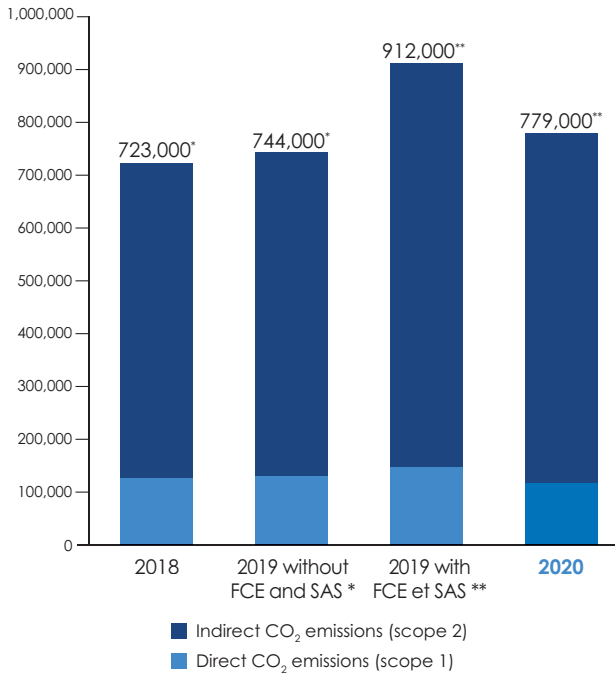
(3) For more information, see Section 4.3.6.2. "Methodology for calculating CO₂ emissions".

4 Extra Financial Performance

Environmental performance

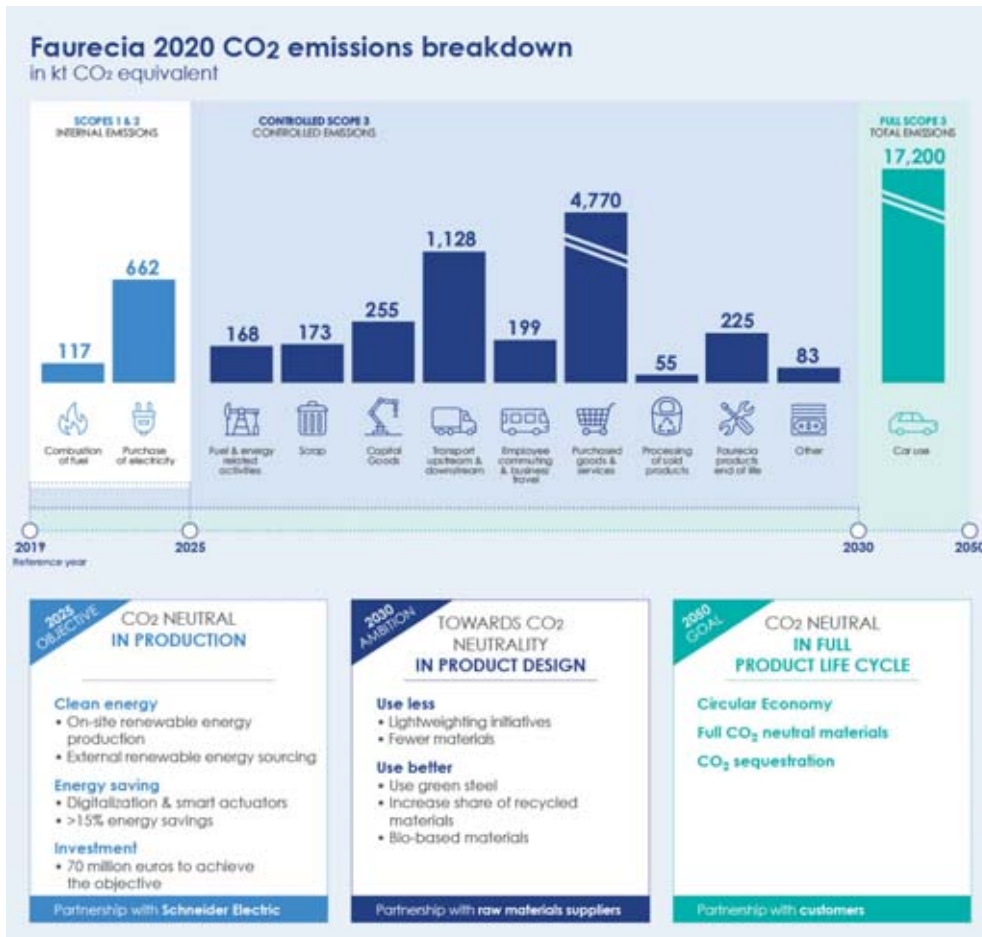
Summary of GHG emissions in tons of CO₂ equivalent – scope 1 and scope 2

GRI 305-1, GRI 305-2



* Calculations of carbon emissions scope 1 (for years 2018 and 2019 without FCE and SAS). The global warming potential (GWP) used is of 298 for N₂O, and of 21 for CH₄, in accordance with the recommendations of the Interprofessional Technical Center for Atmospheric Pollution Studies (CITEPA) and the 1995 Intergovernmental Panel on Climate Change (IPCC) report.

** Calculations of carbon emissions scope 1 (for year 2019 with FCE and SAS and year 2020) aligned with the request of the company Deloitte, responsible to assist Faurecia in updating its carbon footprint, the GWP used are of 265 for N₂O, and of 28 for CH₄, in accordance with the latest IPCC report (IPCC Data AR4, AR5 values).



Detailed breakdown of emissions in tonnes of CO₂ equivalent - scope 1, scope 2 and scope 3



| Emissions scopes | 2019 emissions (tCO ₂ eq) without FCE et SAS | 2019 emissions (tCO ₂ eq) with FCE et SAS | 2020 emissions (tCO ₂ eq) | Level of uncertainty |
|---------------------------------------|---|--|--------------------------------------|----------------------|
| SCOPES 1&2 | | | | |
| Scope 1 direct emissions | 130 000 | 146 000 | 117 000 | low |
| Scope 2 indirect emissions | 614 000 | 766 000 | 662 000 | low |
| SCOPE 3 UPSTREAM | | | | |
| Purchased goods and services | 4 780 000 | 5 940 000 | 4 770 000 | medium |
| Capital goods | 358 000 | 396 000 | 255 000 | high |
| Fuel & energy related activities | 207 000 | 205 000 | 168 000 | low |
| Upstream transport and distribution | 418 000 | 840 000 | 769 000 | medium |
| Wastes generated | 168 000 | 222 000 | 173 000 | medium |
| Business travel | 44 000 | 49 000 | 25 000 | medium |
| Employee commuting | 178 000 | 187 000 | 174 000 | medium |
| Upstream leased assets | 43 000 | 52 000 | 52 000 | medium |
| SCOPE 3 DOWNSTREAM | | | | |
| Downstream transport and distribution | 155 000 | 398 000 | 359 000 | medium |
| Processing of sold products | 55 000 | 84 000 | 55 000 | high |
| Usage of sold products | 16 000 000 | 21 900 000 | 17 200 000 | medium |
| Products end of life | 275 000 | 220 000 | 225 000 | medium |
| Downstream leased assets | 0 | 0 | 0 | |
| Franchises | 0 | 0 | 0 | |
| Investments | 33 000 | 33 000 | 31 000 | medium |
| | 23 458 000 | 31 438 000 | 25 035 000 | MEDIUM |

(1) Scope 1: Direct emissions correspond to the consumption of a primary source of energy (natural gas, domestic fuel oil, etc.).

(2) Scope 2: Indirect emissions correspond to the energy consumption (electricity, heat) that the company uses but does not produce.

(3) For more information, see sub-section 4.3.6.2. Methodology for calculating CO₂ emissions.

Level of uncertainty in the calculation CO₂ emissions of scopes 1, 2, 3

New tools to improve data quality are planned in 2021, which will enable to reduce uncertainty on several subsopes.

| 2020 | Uncertainty + | Uncertainty - | Value (tCO ₂ e) |
|---|---------------|---------------|-------------------------------------|
| Scopes 1 & 2 | 6% | -6% | 779 000 |
| Scope 3 | 34% | -32% | 24 300 000 |
| Scopes 1,2,3 controlled (scope 1,2,3 excluding use of products) | 32% | -32% | 7 840 000 |
| SCOPES 1,2,3 TOTAL | 33% | -31% | ABOUT 25 MT CO₂EQ |

* The level of uncertainty in the calculation of CO₂ emissions is assessed by taking into account the precision of the input data and the uncertainties on the emission factors by country and type of energy.

4.3.3.2. Integrating the climate transition risk into the Group's strategy

In this chapter, Faurecia presents a summary of the different levels of integration of the climate transition stake in the Group's strategy and governance according to the 11 Task Force on Climate-related Financial Disclosures (TCFD) framework recommendations, broken down into four reporting categories:

Governance – Strategy – Risk Management – Indicators and objectives

CLIMATE TRANSITION RISK GOVERNANCE



Responsibility for climate-related issues lies at the highest level of Faurecia's organization. The Board of Directors and the Executive Committee are both responsible for defining, monitoring and reviewing Faurecia's non-financial performance and CSR strategy, including climate-related issues. The 2019-2022 CSR roadmap and its associated action plans are reviewed several times a year by the Executive Committee and presented twice a year to the Board of Directors and its Governance, Nominations & Sustainability and Audit Committees.

The Executive Committee, and in particular the Chief Strategy Officer, are responsible for reviewing and guiding the Group's CO₂ strategy. On a quarterly basis, environmental indicators, including climate-related indicators, are presented to the Executive Committee to monitor performance.

CLIMATE TRANSITION RISK STRATEGY



Identification of risks and opportunities related to climate change and their impacts for Faurecia

The mapping of the climate risks is fully integrated in the Group risks cartography, and in this context follows its review process (see details in chapter 2 "risks factors and management").

| Risk factors | Description | Impacts and strategic responses to risks |
|--|--|--|
| Current regulations | <p>The automotive sector is experiencing tightening of regulatory constraints related to CO₂ emissions.</p> <p>In particular, European Regulation 2019/631 provides for an additional reduction in the CO₂ emissions of passenger vehicles by 37.5% from 2021 to 2030.</p> | <p>Faurecia develops products to reduce its customers' carbon emissions, in particular through exhaust energy recovery solutions.</p> <p>In addition, the Group is developing solutions for electric vehicles (battery and fuel cell) and is targeting an average content per electric vehicle of €300 in 2030; an amount greater than solutions developed by the Faurecia Clean Mobility Business Group in 2020.</p> <p>The Group expects to spend between €80 and €100 million to develop solutions for electric vehicles over the next 10 years. For more details, see section 4.3.4 in this chapter.</p> |
| New regulations and technologies geared towards a low-carbon economy | <p>The automotive sector may be strongly affected by the tightening of emerging regulations on climate issues, particularly in the area of vehicle life cycle analysis.</p> <p>For example, regulations on the life cycle carbon footprint of vehicles would have a direct impact on the footprint of the parts and solutions provided by Faurecia.</p> <p>In addition, wider implementation of regulations aimed at reducing emissions of NOx in urban areas, reducing global CO₂ emissions, etc., could lead to an increase in demand for zero-emission vehicles (therefore electric vehicles).</p> | <p>In order to anticipate these changes in existing regulations, Faurecia actively participates in the working groups on the regulations of the French Automotive Industry Platform (PFA) and Germany's VDA Verband der Automobilindustrie), in particular on product life cycle analysis.</p> <p>In this context, there is a risk of increased operating expenses due to more ambitious climate targets.</p> <p>Faurecia operates multiple moderate energy-intensive manufacturing processes, while its carbon footprint is mainly driven by its material purchases.</p> <p>Reducing energy consumption and auditing are therefore essential both internally and with suppliers.</p> <p>This is why Faurecia has initiated a strategy to control, reduce and use different energies and has entered into a partnership with Schneider Electric to conceptualize, manage and monitor the reduction and optimization of energy consumption.</p> <p>Faurecia has planned to invest €70 million in energy efficiency projects until 2022 in order to generate 15% energy savings as well as a reduction in the scope 1 and 2 carbon footprint of more than 80%.</p> <p>In addition, Faurecia manages the progress of materials purchased from its suppliers through tools for calculating and monitoring carbon footprints.</p> |

| Risk factors | Description | Impacts and strategic responses to risks |
|------------------------------------|---|--|
| Change in consumer behavior | <p>New models of mobility and vehicle ownership will be determined by urbanization trends combined with the need to reduce CO₂ emissions.</p> <p>Greater environmental awareness among consumers will also encourage them to prefer greener vehicles, not only for their reduced contribution to climate change, but also for their impact on the planet's balance (use of scarce resources, eutrophication, etc.).</p> <p>In the future, electric and fuel cell vehicles could play a major role.</p> | <p>Innovation and product development represent major challenges for Faurecia and enable the Company to build a competitive advantage. In this context, Faurecia will invest more than 1 billion euros cumulated between 2021 and 2025.</p> <p>For each innovation and development project, the recyclability, environmental impact and indoor air quality are systematically checked by the project team according to eco-design criteria. In certain cases, a life cycle analysis study may be carried out (example: for an innovation aimed at reducing weight, VOCs, odors, etc.).</p> <p>Faurecia has also set up an internal working group that brings together experts in eco-design to define a simplified methodology, common to all Business Groups, to assess the environmental impact of products and innovation projects.</p> |
| Increase in extreme weather events | <p>Due to its international presence, some Faurecia sites are exposed to certain risks of extreme weather events (floods, cyclones, storms, etc.).</p> | <p>For Faurecia's facilities located near rivers or basins, extreme rainfall can lead to flooding and disrupt production in the short and long term. A disruption to a production plant can lead to customer delays or even loss of business. The prevention of natural risks is part of the Group's overall industrial risk prevention policy, which aims to reduce accidents related to natural disasters in partnership with its insurer.</p> <p>Since 2014, Faurecia has systematically checked the exposure of its industrial projects to natural risks upstream of the project. This is one of the criteria for the selection matrix for new sites. As part of its periodic property damage prevention audits (162 audits in 2020), the exposure of sites to natural events is systematically reassessed in order to identify the associated risks. In 2020, three sites were the subject of an additional visit on the seismic risk, and two sites were the subject of an additional study on the flood risk in order to identify the possible technical and economic measures to protect the site and its activity.</p> <p>In addition, the Group has established a partnership with Predict Services in order to provide a 24/7 meteorological vigilance service to all its sites and a gradual alert system sent to site management by text message and email. These alerts are accompanied by recommendations to be implemented depending on the level of alert. In 2020, around 7,700 alert messages were sent to the group's sites. Only one claim linked to a climatic phenomenon is to be deployed in 2020 for an amount of €25,000. Since July 1, 2020, Faurecia has supported 100% of the cost of the weather vigilance system.</p> |

Climate change is also a source of opportunities, particularly through the development of new products and services. Faurecia's portfolio of technologies covers all scenarios in relation to the motorization mix and will allow us to adapt to future choices by consumers and to climate-related regulations. This "agnostic" strategy guarantees in particular that the Faurecia Clean Mobility Business Group's growth in sales is in line with the financial commitments communicated by the Group.

Faurecia's climate scenarios and resilience strategy

As part of the CO₂ neutrality project launched at the end of 2019, the Executive Committee was able to assess three forward-looking scenarios (economic, social and environmental) by 2050 related to the impact of climate change. These scenarios enabled the Executive Committee to take into account the internationalization of the costs of the climate transition, and then to integrate them into the Group's risk matrix. Lastly, the analysis of these scenarios shed light on the Group's objectives and business strategy, in line with the objectives for 2025 and 2030 of the CO₂ neutrality project.

The scenarios below were selected based on the transition financing process: private sector, governments or global institutions. All scenarios have common assumptions regarding climate and population in 2040 and differ in socio-economic status and the trajectory of global warming towards 2080. Each corresponds to a different climatic trajectory according to the assumptions of the IPCC (+1.5 °C/2.5 °C in 2080 [RCP 2.6], +2.5 °C/3.5 °C in 2080 [RCP 4.5/6.0], +3.5 °C/4.5 °C in 2080 [RCP 8.5])

The time horizon considered is 2050, halfway between Faurecia's target for 2030 and the climate effects of 2080.

4 Extra Financial Performance

Environmental performance

These scenarios were developed in partnership with the Toulouse Schools of Economics, and a collaboration with the Collège de France:



A COMMON ASSUMPTIONS

- +1.5°C minimum in 2040
- Climate disasters in 2030+
- Biodiversity loss
- New diseases
- Increase population & energy need
- Immigration push
- Ageing, urbanization
- Health & famine crises
- AI and biotech
- Massive & open data
- Cyber-crime

B INDIVIDUAL ASSUMPTIONS

| | GLOBAL GOVERNANCE | COMPLEX COMPETITION | WILD WORLD |
|-------------------------|---|--|--|
| Governance | <ul style="list-style-type: none"> CO2 central bank/ Climate World Bank (CWB) International environment court | <ul style="list-style-type: none"> Private & national/ regional decision makers take action Shared initiatives + free riders (governments + companies) | <ul style="list-style-type: none"> Pension/health funds drive environmental markets (incl. CO2) States decentralize and divest public services |
| CO2 | <ul style="list-style-type: none"> CO2 central bank/ Climate World Bank (CWB) CO2 price: 50-100 € ("managed" price) | <ul style="list-style-type: none"> CO2 Cap & Trade for companies + fragmented CO2 fines CO2 border taxes/CO2 price: 30-200 € (Price "varying" over time/ scope) | <ul style="list-style-type: none"> Few regional CO2 taxes & regulations CO2 price: 0-1,000 € wild markets (Price "varying") |
| Growth | <ul style="list-style-type: none"> High growth | <ul style="list-style-type: none"> Moderate growth | <ul style="list-style-type: none"> Low to moderate, uneven and fragmented growth |
| Society, Economy & Risk | <ul style="list-style-type: none"> Global health/ DNA databank Global poverty and health aid programs Environment fraud and mafias Controlled Immigration Developing countries' survival Oil-funded countries' collapse Insurance fees skyrocketing Technology & Industry/ Business disruptions by sustainability | <ul style="list-style-type: none"> Trade wars/ re-localization State-controlled biotech and AI New (AI-controlled) weapons Immigration and racial/ religious crisis Fascism back in some places Real estate booming/ no more re-insurance Uneven State-founded Social & Health protection Technology & Industry/ Business fueled by Sustainability | <ul style="list-style-type: none"> Private health and security Growing inequalities Booming of AI and biotech Human trafficking IT security crime and crises/wars Social networks drive press, justice & politics Many abandoned places on planet |
| Climate | +1.5°C/2.5°C in 2080 (RCP 2.6) | +2.5°C/3.5°C in 2080 (RCP 4.5/6.0) | +3.5°C/4.5°C in 2080 (RCP 8.5) |

CLIMATE TRANSITION RISK MANAGEMENT



The Group's risk mapping is updated by the Risk Committee on a quarterly basis. The risk universe is updated annually on the basis of various data, including interviews with key stakeholders, external analyses and benchmarking. The risk identification and classification system is based on an assessment of probability and impact according to different categories (strategic, operational, compliance, financial, etc.) and by risk level (major, secondary, etc.). The mapping of the main risks is validated each year by the Executive Committee, the Audit Committee and the Board of Directors. In addition, the Audit Committee conducts an in-depth review of at least four risks each year.

In 2020 as part of the CO₂ neutrality project, the Risk Committee included the climate transition risk in the Group risk mapping, also identified among the CSR risks included in the Statement of Non-Financial Performance and audited by an external third party according to a moderate level of assurance.

CLIMATE TRANSITION RISK INDICATORS AND TARGETS



The ambition of carbon CO₂ was launched in November 2019; the variable compensation policies of the executives concerned will reflect these objectives as of 2021.

The Group's objectives and ambitions on the climate transition span several horizons:

- objective of -20% of CO₂ eq/€m of sales by 2022 for greenhouse gas emissions (scopes 1 & 2);
- development of an EcoDesign methodology enabling 100% of the innovative product portfolio and 80% of the existing portfolio to be analyzed as early as 2022;
- objective of CO₂ neutrality for the sites (scopes 1 & 2) in 2025, beyond the global warming trajectory of 1.5°C, as validated by SBTi;
- ambition of CO₂ neutrality by 2030 on controlled emissions (scope 3, excluding the use of products sold).

The quantitative results of greenhouse gas emissions for 2020 are presented in section 4.3.3.1 of this chapter.

4.3.4. Sustainable product innovation for air quality and CO₂ footprint reduction



Reducing CO₂ emissions, improving air quality and improving energy efficiency have been at the heart of Faurecia's innovation for more than 20 years. On the one hand, the Group has set itself ambitious objectives for the environmental impact of its products on their life cycle, in particular their greenhouse gas footprint, and on the other hand, it is developing solutions that allow its customers to reduce their CO₂ emissions.

In this context, Faurecia is investing heavily in sustainable materials, weight reduction solutions, minimal architectures, systems for reducing fuel consumption, particularly through heat recovery, and new technologies for electrified vehicles

and particularly the development of hydrogen mobility for fuel cell electric vehicles.

As a world leader in clean technologies, Faurecia is committed to promoting mobility and a zero-emission industry, and to offering innovative solutions in three areas: sustainable design (materials and architecture), CO₂ neutral production, and zero emission mobility.

Faurecia has also set up a global ecosystem of partners, enabling it to develop projects with leading players around the world, in order to extend its technological expertise and improve its capacity for innovation.

Two strategic priorities for Faurecia

Faurecia's strategy priorities –Sustainable Mobility and the Cockpit of the Future – are the result of the Group's interpretation of major global and sectorial trends. Faurecia develops innovations for a better world and offers responsible value creation to all its stakeholders.

Sustainable Mobility

This approach symbolizes Faurecia's contribution to reducing emissions worldwide through its products for more than 10 years. 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 utility vehicles and high horsepower engines.

Cockpit of the Future

Faurecia continues to develop technologies to make the vehicles of today and tomorrow safer and smarter. The Group anticipates radical changes, particularly concerning increasingly autonomous vehicles, and consequently designs solutions to improve occupant protection, create a configurable, intuitive and personalized environment, while managing energy consumption as necessary.

4.3.4.1. Developing solutions for zero emission mobility

Faurecia's technologies for zero emission sustainable mobility are a key component of the Group's worldwide solutions for an emission-free world. Faurecia plans to expand its initiatives for the mobility of the future and invests heavily in electrified vehicle technologies with a priority on the development of hydrogen mobility.

HYDROGEN FUEL CELL SYSTEMS

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 CO₂ emissions or polluting gases when using the vehicle. Faurecia is convinced that fuel cell technology will occupy a significant place in the energy mix of powertrains in the next 10 to 15 years, and above all for commercial vehicles.

Symbio, the joint venture of Faurecia and Michelin created in 2019, designs, produces and markets hydrogen systems for light and commercial vehicles, buses and trucks, as well as other electric vehicles. With unique expertise and a focus on

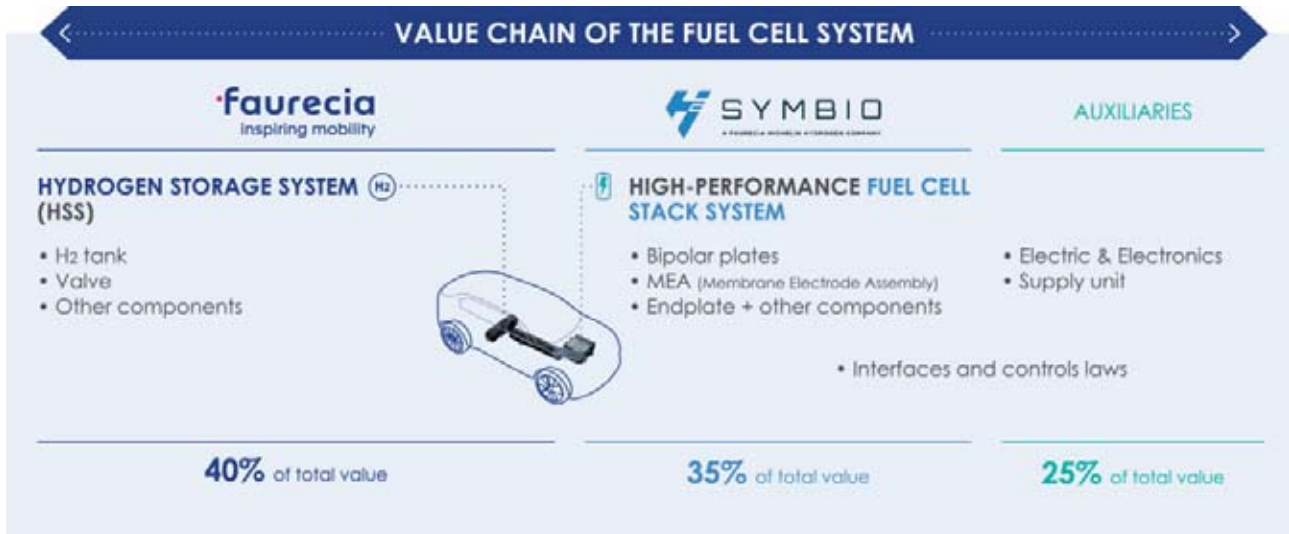
setting automotive production standards, the Company aims to become a global leader in hydrogen mobility. Symbio-equipped vehicles traveled more than three million kilometers in 2020. Symbio is also aiming to produce 200,000 StackPack® –its pre-validated and pre-integrated hydrogen systems– per year by 2030, for manufacturers worldwide.

HYDROGEN STORAGE SYSTEMS

Faurecia encourages automakers to integrate hydrogen storage systems for different types of vehicles that meet industry requirements, with the "just-in-time" delivery of turnkey systems tested at the end of the chain.

Faurecia has already won major contracts for the production of light commercial vehicles and for a large-scale heavy-duty vehicle project to promote hydrogen-powered mobility in Switzerland.

Optimized in carbon fiber to reduce weight and consumption, the approved tanks (350 and 700 bars) will first be produced in the new Faurecia center of expertise for hydrogen storage systems in Bavans, France.



4.3.4.2. Develop solutions to reduce emissions and improve urban air quality

Faurecia's sustainable mobility technologies help to significantly reduce emissions. In order to meet the challenge of improving air quality, the industry must continue to improve the performance of traditional vehicles and accelerate their electrification. 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.

Faurecia therefore offers solutions adapted to all types of vehicles.

REDUCING CO₂ EMISSIONS THROUGH EXHAUST GAS HEAT RECOVERY SYSTEMS

Faurecia is providing systems to reduce emissions and noise pollution that promote compliance with these new emissions standards. The Group supplies post-treatment systems for internal combustion and hybrid powered type engines, in order to reduce their emissions and noise levels and recover lost energy. Indeed, one-third of the energy produced by the powertrains is dissipated in the form of heat by the exhaust system.

In 2020, Faurecia developed several generations of EHRS, a compact exhaust heat recovery system. It is a breakthrough innovation that is particularly well suited to hybrid vehicles –which will account for more than 30% of the vehicle fleet by 2025– enabling them to run more often as electric cars,

improving fuel economy and thus reducing CO₂ emissions. This solution improves the energy performance of a vehicle by recovering up to 75% of the heat from the exhaust to heat the passenger compartment or engine, thereby reducing fuel consumption by up to 7% during cold weather for all types of hybrid vehicles thanks to the engine's ability to warm up faster and more frequent use of the vehicle's electric mode.

REDUCING FUEL CONSUMPTION AND NOX EMISSIONS

Designed for optimal exhaust performance even at low temperatures, the Heated Doser developed in 2020 to reduce emissions from heavy-duty vehicles, reducing both fuel consumption and NOx emissions. Its extremely fine droplets (less than 15 microns) help reduce pollution in the emission control system and increase engine life. Able to start the dosage of the Adblue solution at low temperatures in less than 60 seconds, the Heated Doser converts NOx particles, and will contribute to future Ultra Low NOx and Euro VII regulations.

In order to anticipate stricter emission regulations and continually improve air quality, Faurecia has developed "Electric Heated Catalyst" technology. 80% of pollutants are emitted in the first 20 seconds after an engine is started: the electrically heated catalyst, activated in low temperature phases, enables the emission control system to reach its maximum efficiency much more quickly.

4.3.5. Sustainable materials and the circular economy



Committed to the circular economy, Faurecia designs products taking into account their entire life cycle, from the use of resources and raw materials to the product's ecodesign and its recyclability at the end of its life.

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.⁽¹⁾ The automotive industry is dependent on increasingly scarce natural resources, and Faurecia is keen to play a major role in providing new solutions that preserve the physical and biological balance of our planet.



4.3.5.1. Use of resources

MANAGING CONSUMPTION OF RAW MATERIALS

Metals account for 80% by weight of total raw materials purchased, compared with 20% for plastics. In 2020, 30% of the total weight of metal and plastic raw materials purchased by the Group were recycled materials.

MAKING PARTS LIGHTER WITH THE USE OF BIO-SOURCED MATERIALS

Faurecia offers bio-sourced materials that reduce the weight of parts and their carbon footprint. These innovations, whose environmental impact has been assessed by a life cycle analysis according to the international standards ISO 14040 and ISO 14044, make it possible to reduce scope 3 CO₂ emissions.

The main characteristic of some of these materials is the use of vegetable fibers as reinforcement, mixed with a resin (which itself may be bio-sourced or not). The natural hemp fibers used

in particular by Faurecia also make it possible to achieve high performance in reducing the environmental impact: the share of natural fibers in plastics is renewable and does not compete with land used for food production, the durability of plastics and the lighter weight of the products enable consumption and reasonable 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, improves density by 40% compared with traditional components.
- NAFLearn® technology (Natural Fiber Injection), which combines natural hemp fibers with polypropylene resin, reduces weight by 25% compared with talc-loaded polypropylene.
- NAFLITE technology, which again reduces the weight by 10%.

(1) Extract from the Official Source of the French ministry of ecological transition and solidarity.

Faurecia's portfolio includes natural fibers combined with polypropylene fibers.

A new polyurethane foam, Bioflex, using biopolyol, is being pre-developed in partnership with a car manufacturer for industrialization planned for 2022-2024.

IDENTIFY ALTERNATIVE MATERIALS

Leather represents a significant part of the sources of CO₂ emissions from the materials used by Faurecia. Faurecia's "Sustainable Materials" product line is developing new technologies from bio-sourced materials to reduce or replace leather in the Cockpit of the Future through the R-BioSkin project, in advanced negotiations with a manufacturer. As of 2022, a new hemp-based PVC material will reduce CO₂ emissions by 25% compared to PVC and by 95% compared to natural leather.

4.3.5.2. EcoDesign of products

For each innovation and development project, the various components of the eco-design, which is the presence of substances of concern, recyclability, environmental impact and indoor air quality are checked by the innovation team based on a list of eco-design criteria. 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).

Faurecia recently introduced monitoring of the environmental performance and impact of its solutions in its innovation process. This updated process now provides for the identification of environmental risks and opportunities related to innovation as well as the preparation of action plans when the impacts are identified as critical.

Framed by the international standards ISO 14040 and ISO 14044, LCA provides an assessment of the environmental impact of products throughout their life cycle: consideration of material extraction, product production, delivery to the manufacturer, and use by the consumer up to and including end of life. It makes it possible to make as complete an assessment as possible of the measurement of impacts, which include climate change (including greenhouse gas emissions), the consumption of non-renewable resources and materials and the eutrophication of water.

Against a backdrop of increasingly stringent environmental requirements, particularly for the automotive sector, Faurecia is keen to develop for LCA with automakers and partners in the automotive sector in order to have a shared understanding of environmental issues.

The working group the "Life Cycle Analysis" led by the Automotive Industry Platform (PFA) aims to share the

assumptions associated with the automotive life cycle analysis methodology and discuss the main results of the automotive industry evaluation available. Through its active involvement in this Group, which continued its work in 2020, 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* ⁽¹⁾ (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 impact of environmental issues on business, and the exchange of information on eco-design.

4.3.5.3. Product recyclability

Faurecia incorporates recyclability in its eco-design approach by anticipating the end-of-life phase and optimization of production waste recovery. 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.

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 regulatory requirements, automakers are placing ever-greater demands on their suppliers in terms of end-of-life product recyclability.

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.

The Faurecia Interiors Business Group, 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.

The Sustainable Materials product line

While the implementation of technologies to reduce CO₂ emissions is a prerequisite, the Sustainable Materials product line makes every effort to complete its portfolio of low-CO₂ alternatives for each family of materials. Its objective is to achieve CO₂ neutrality by 2030, using 70% to 95% of polymers from the circular economy, in particular through the capture of carbon dioxide or the increase in the proportion of bio-sourced materials.

Its roadmap in terms of reducing carbon emissions aims to achieve a reduction of over 80% in 2030 for new products by means of three levers:

- reduce the weight of products;
- integrate recycled or recyclable materials;
- promote alternatives to oil, through biomass or the capture of CO₂.

4.3.6. Environmental reporting scope and methodologies for calculating carbon and volatile organic compound emissions

4.3.6.1. Environmental reporting scope



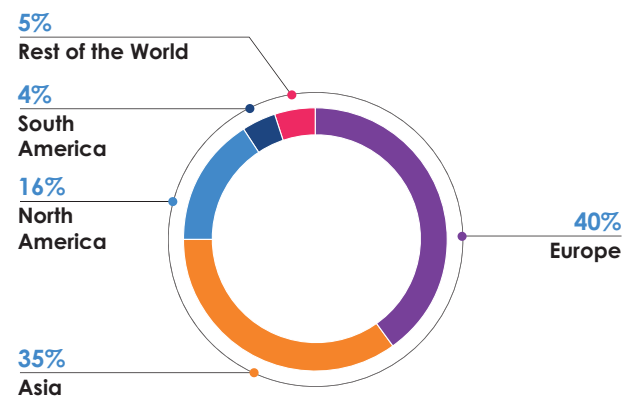
The scope of this reporting covers 175 production plants (technological plants), 49 assembly sites (called "Just in Time" sites) and 20 R&D sites, i.e. a total of 244 sites. Compared to 2020, 24 new sites were included in the reporting scope and 14 sites were removed.

The new Faurecia Clarion Electronics (FCE) Business Group, bringing together Clarion, Parrot Automotive and Coagent Electronics, develops and produces in-vehicle-infotainment systems and HMI (Human Machine Interface) digital audio solutions, advanced driver assistance systems, connectivity solutions and cloud-based services for customers worldwide. This new Business Group is included in the scope of reporting and has a total of 11 sites for this year.

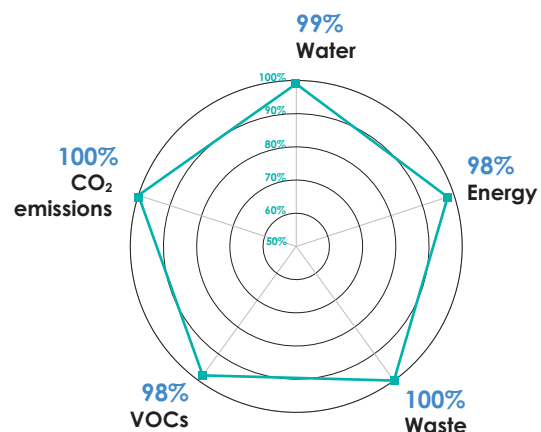
The Business Group SAS, newly consolidated into the Faurecia group in 2020 whose main activity is the assembly of cockpits, is excluded from the scope of reporting for this year (except for the CO₂ footprint). It should be noted that the factories of this Business Group consume little energy given their activity. As a result, the environmental impact of these plants is not considered significant at the Faurecia group level.

Reporting covers the period from November 1, 2019 to October 31, 2020, to allow sites to collect, validate and provide data within the allotted time to PSA group, the primary shareholder of Faurecia as of October 31, 2020.

Distribution of Faurecia's production plants by continent (2020 scope)



Coverage rates * for environmental indicators from November 1, 2019, to October 31, 2020



* The coverage rate corresponds to the number of sites that have provided numerical data compared to the number of sites affected by the subject.

4.3.6.2. Methodology for calculating CO₂ emissions



Scopes 1 and 2:

Direct greenhouse gas emissions are calculated in CO₂ 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 CO₂ and the Circular of April 15, 2002 for other gases).

Fugitive emissions are calculated using emission factors from the fifth report of the Intergovernmental Panel on Climate Change (IPCC).

Indirect emissions related to electricity are calculated based on market emission factors, in line with the trajectory declaration to SBTi.

The 2019 reference year has been recalculated in order to include the FCE and SAS entities in Faurecia's reporting scope and to take into account a methodological change (shift from the location-based methodology to the market-based methodology). The location-based method reflects the average intensity of emissions from the networks on which the energy consumption takes place. The market-based method reflects the electricity emissions that companies have deliberately chosen.

Scope 3:

The values are calculated according to the GHG protocol. They include all categories except downstream leasing and franchises which do not concern the Group's activity. The uncertainties in the calculation of CO₂ emissions were assessed taking into account the precision of the input data and the uncertainties in the emission factors.

Changes in the reporting scope:

As explained above, the 2019 reference year has been recalculated in order to include the FCE and SAS entities in the Group's reporting scope. To harmonize financial reporting and environmental reporting, only activities / products whose turnover is recognized under IFRS15 led to greenhouse gas emissions estimates.

Thus, the emissions linked to the chemical reactions that take place inside the catalytic converter, and which represent nearly 22 MtCO₂e in 2020 in relation to sales made by Faurecia according to estimates made internally, are not included in the carbon footprint of the group. In fact, under IFRS 15, Faurecia acts as an agent in the supply of catalytic converter components, responsible for chemical reactions, to OEMs. OEMs choose the technical specifications of the part and the supplier.

Furthermore, Faurecia does not have the right to set the prices and conditions of sale of the part, nor is it responsible for the technical performance of the part. Finally, the Group has no inventory risk (by contract or de facto). In particular, in

accordance with the GHG protocol, scope 3.11 - use of sold products - has been divided into two parts whose perimeters are as follows:

- emissions linked to direct use of the products, corresponding to emissions linked to the electricity consumption of Faurecia products.
- emissions linked to indirect use of products, corresponding to a mass allocation of emissions from vehicles in the use phase, in proportion to the weight of the Faurecia products included in each vehicle.

Methodological improvements:

As part of a continuous improvement process, Faurecia seeks to improve the quality of its estimates. With the support of the company Deloitte, several methodological improvements were made this year to refine the estimates, in particular on the significant items of the CO₂ footprint:

- for scopes 1 and 2 by the inclusion of new consolidated sites, the use of a more detailed method to estimate the sites energy consumption for which the data is not reported, and the switch to market-based emission factors for electricity, more accurate than previously used location-based ones;
- for sub-scope 3.1 (purchases) by using emission factors given by suppliers to estimate emissions linked to the purchase of steel and stainless steel (2.6 Mt CO₂e);
- for sub-scopes 3.4 and 3.9 (freight transport) by using more detailed and more reliable data thanks to the TK Blue tool, which explains, with the inclusion of SAS and FCE, the significant difference between 2019 and 2019 recalculated;
- for sub-scopes 3.10 and 3.11 (transformation of products sold and use of products sold), which represent 70% of the group's emissions in 2020, by taking more exhaustive account of sales made by Faurecia during the year and emissions due to the use of products sold by the group.

All the calculations of the CO₂ footprint and the identification of the associated uncertainties were prepared with the assistance of the firm Deloitte and audited by the firm Mazars.

4.3.6.3. 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.

4.4. Societal performance

Faurecia is committed to adopting responsible business ethics while guaranteeing the safety and quality of all of its products and services. The Group has also implemented procedures to prevent the failure of 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.

The table below presents Faurecia's main societal risks and opportunities and the associated results:

| Societal risks | Key performance indicators | 2018 | 2019 | 2020 | 2022 Goal |
|---|--|------|---------------------------------|-------------------------------------|----------------------|
| Product quality and safety | Customer Satisfaction Index based on the "perception" score of the customer survey | N/A | 4.0/5 | 4.2/5 | Rating >4.5 out of 5 |
| | Rate of sites at risk (based on an internal analysis of operational risks)/total sites | - | 5.8% (i.e. 15 sites out of 259) | 5% (i.e. 12 sites out of 259 sites) | 5% |
| Responsible purchasing and duty of care | Share of direct purchasing volume assessed for CSR performance (representing around 2,000 direct suppliers) | N/A | 80% | 87% | - |
| | Supplier satisfaction index (assessment of 1,000 suppliers, representing 70% of the volume of direct industrial purchases) | N/A | 2.88 | 2.94 | 3.0 |
| Business ethics | Percentage of employees (managers & professionals) having received training on the Code of Ethics | - | 93% | 95% | - |

4.4.1. **EFPD** Product quality and safety



4.4.1.1. Product quality and safety issue



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 major trends 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.

4.4.1.2. Measures taken for product 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 currently 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.

Faurecia's commitment to safety is materialized through its partnership with the German automotive supplier ZF, which aims to develop new active safety management systems with a view to increasing vehicle automation. For example, the Active Wellness Express™ connected seat cover presented in 2018, presented at the IAA, makes it possible to detect a state of fatigue or stress in advance and apply countermeasures for greater safety, comfort and well-being at 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 also participates in working groups on VIAQ (Vehicle Interior Air Quality) at the UN, in collaboration with manufacturers' 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.

Besides safety, Faurecia is concerned to use responsible sourcing, in particular through its activities linked to the leather for seating products. On this activity, the Group works only with direct suppliers imposed and assessed by the manufacturer. In its own process, these suppliers are also screened via EcoVadis like the others. These suppliers who market by-products of the food chain, represent less than 10 suppliers for Faurecia.

4.4.1.3. **EFPD** Measures taken for product quality



At Faurecia, building quality is far more important than simply monitoring quality. Faurecia has set itself the goal of meeting as best it can or exceeding customer satisfaction. Thus, the Faurecia Excellence System or FES, the Program Management Core System and the Total Customer Satisfaction strategy are Faurecia's key focuses.

Faurecia group quality policy

The Faurecia System of Excellence (FES), operational performance

The FES has been in place for the last 20 years and governs the organization of Faurecia's production and operating systems, designed to constantly improve health and safety, quality, cost and delivery performance. It complies with the requirements of the automotive industry (ISO 9001, IATF 16949, OHSAS 18001, customer-specific requirements and has been constantly enriched by internal and external best practices of lean manufacturing.

Products adapted to the needs of each brand

Faurecia collaborates in the design and development of products adapted to the specific needs of each car manufacturer. In the production phase, the Program Management Core System (PMCS) makes it possible to ensure in five phases that the schedule, costs and quality level are met, from the verification of the customer's requirements to the start of mass production.

Quality throughout the production process

Faurecia has also implemented the concept of program management excellence, to track quality throughout the development process. This risk-based approach provides for a review of FES audits in the programs to qualify process compliance and a program Risk Committee to anticipate risks and/or provide appropriate support to achieve customer satisfaction.

The Total Customer Satisfaction Strategy (TCS)

The Total Customer Satisfaction Strategy (TCS) enhances and affirms Faurecia's competitive position in terms of quality and customer loyalty.

In 2019, Faurecia rolled out its new TCS-Quality strategy worldwide, by implementing quality agreements, sharing its new vision in all regions and including local needs. The problem-solving strategy now incorporates seven types of problem-solving solutions based on recognized methodologies, separated into three chapters: employee-driven, driven by the production process, and acceleration.

4.4.1.4. Engage suppliers and employees

In 2019, supplier quality convention was organized to reinforce the relationship between Faurecia and its suppliers. Faurecia wishes to reproduce this agreement periodically.

The quality academy initiated in 2019 was extended to 95 sites in 2020 to ensure a solid knowledge and application by all employees. This quality academy concerns the scope of production, and continued in 2020 in the fields of programs and engineering.

4.4.1.5. EFPD Risk sites rate



At the end of 2020, on more than 852 ongoing programs around the world, Faurecia identified 10 potential sites at risk among 269 sites in total (4% of the sites concerned), according to 16 criteria which assess the maturity of the site, the human resource management, number of programs managed, sales, and customer satisfaction. Actions to mitigate risks are defined and monitor continuously.

Under the management of Faurecia group's Risk Committee, the organization monitors strict compliance with the automotive quality management standard IATF 16949 and constantly reflects on the market's risks and opportunities. This enables it to strengthen its market share and accelerate profitable growth for the benefit of all concerned stakeholders.

4.4.1.6. EFPD Customer satisfaction index

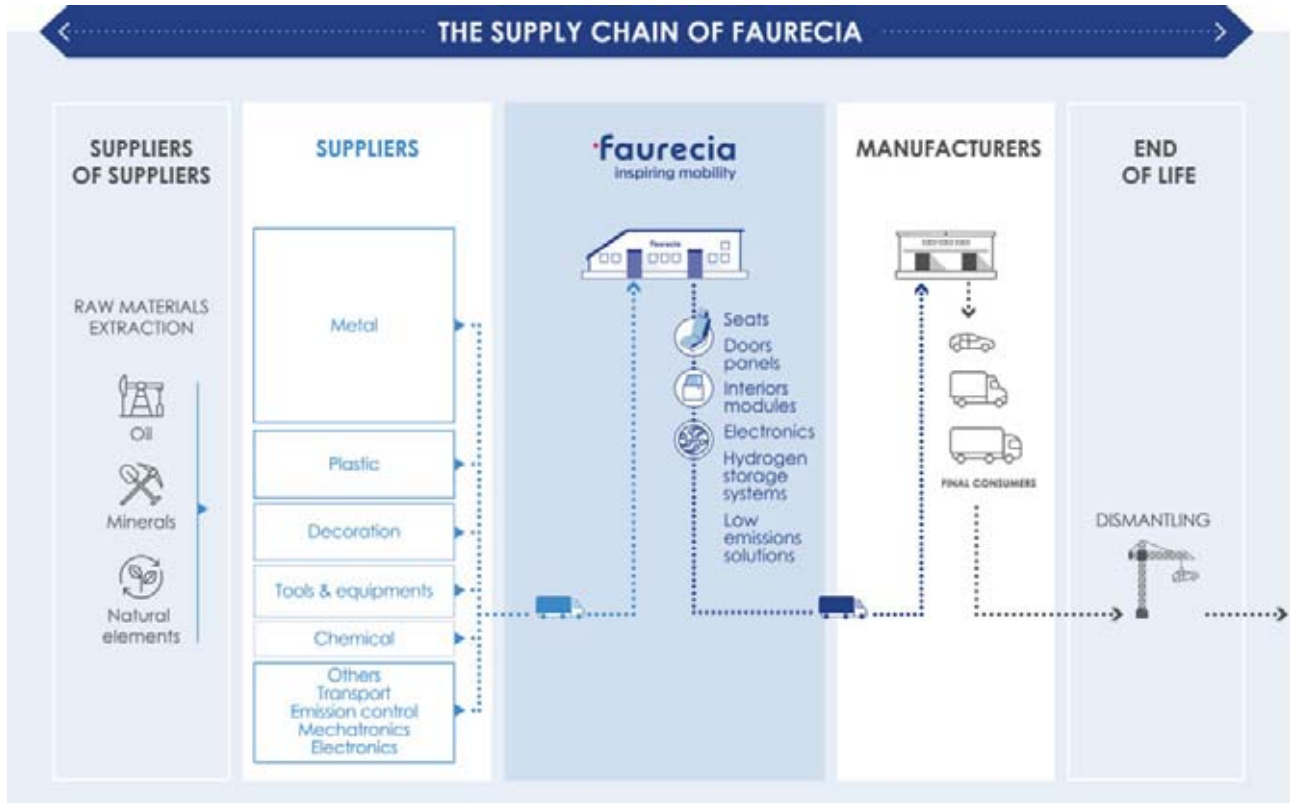
The key indicators of Total Customer Satisfaction (TCS) are based on a combination of performance and perception:

- performance (complaint): Main indicator of the customer and number of incidents, i.e. 4,656 complaints in 2020 (7,357 complaints in 2019, down 37% compared to 2019);

- perception (5 stars): indicator based on the "comments" score (score of 4.2/5 in 2020 in the context of integrating new customers) and "feelings" (score of 0.61 with 1,011 answers in 2020) of customers.

This customer-focused performance is constantly improving, in line with the goal set by the Group.

4.4.2. EFPD Responsible supply chain



4.4.2.1. Issues related to responsible supply chain



In order to meet the requirements of Law No. 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 subcontractors and suppliers with which it has an established commercial relationship.

The aspects of this Duty of Care plan relating to Faurecia's own activities are described in section 4.2 for the social aspect, in section 4.3 for the environmental aspect, and section 4.4 on business ethics and supplier risk management.

This plan applies to the entire Group as Faurecia operates in a number of countries and uses a large number of suppliers located in different countries for its raw materials and basic parts supplies.

Faurecia has a Group Purchasing department, which has implemented a responsible purchasing policy, reflecting Faurecia's commitment to comply with the Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on fundamental principles and rights at work, 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:

- risk identification and mapping;
- subsidiary, sub-contractor and supplier assessment procedures;
- actions to mitigate risks or prevent serious breaches;
- implementation of a whistle-blowing system and receipt of alerts;
- monitoring system for implemented measures.

4.4.2.2. Subsidiary, sub-contractor and supplier assessment procedures

RISK MANAGEMENT PROCEDURE



Management of the supplier life cycle includes an assessment process of the risk applicable to all of Faurecia's major suppliers. This process is described in the supplier risk management procedure (Group purchasing policy available on Faurecia's website at: www.faurecia.com). All Faurecia's buyers build on four quantitative criteria to which they add a qualitative assessment based on their own experience or view of the supplier. All these criteria enable the buyers to build a detailed action plan. 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.

- **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.
- **Financial evaluation:** assessment based on the financial performance of the Company in question (via a general screening or more in-depth studies); an alert process is put in place for any major financial risk event. In addition to the classic financial evaluation, Faurecia has added a financial stress test process that allows the financial health of a supplier to be projected based on stress scenarios. In 2020, Faurecia assessed around 200 suppliers (manual process), and plans in 2021, the deployment of a more automated process currently being implemented.

- **CSR assessment**, with the partner EcoVadis covering:

- **ethical 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. This assessment was strengthened in 2020 to align with the Group's carbon neutrality commitments.

- **Reputational assessment:** Faurecia continuously carries out a third-party evaluation process using an external data analysis tool. This tool alerts Faurecia to significant financial, reputation and compliance risks from our suppliers.

- **Economic dependency assessment:** assessment of the level of mutual dependency with suppliers allowing the level of the action plan to be implemented to be weighted.

Since 2020, additional resilience criteria have been implemented:

- at supplier level: financial stress test;
- sourcing: reinforced criterion of mutual dependence with associated recommendations to reduce this dependence.

Sharing priorities with the Group's suppliers during the Covid-19 crisis

Convinced that a safe restart of business could only take place if the entire supply chain was ready, Faurecia stepped up its discussions with its suppliers.

Web conferences to maintain the link

In April 2020, during a period of global stagnation, Faurecia organized two web conferences with more than 1,000 of its suppliers. The Group shared the current estimate of production levels for the first half of the year, Faurecia's measures to support the liquidity of its suppliers and especially the protocol Safer Together that the Group created and implemented for the safety and protection of its employees while they were preparing to restart production.

Creation of a supplier Council

The Covid-19 health crisis led to the creation of a Suppliers Council in 2020, bringing together representatives of 12 suppliers for Faurecia twice a year. This body is subject to a rotating chairmanship appointed for one year, and shares an agreed agenda between the parties. The purpose of this Suppliers Council is to discuss the challenges of tomorrow, the changes in markets and trends, as well as the carbon reduction policy. The first session of this body met in October 2020 remotely.

CSR EVALUATION PROCEDURES FOR SUPPLIERS



Supplier quality audits, which are a prerequisite to joining Faurecia's panel of "direct" suppliers, include CSR issues.

In this context, Faurecia's purchasing teams are supported by an external partner who is an expert in CSR matters in purchasing: EcoVadis, in order to better understand, verify and optimize the practices of its suppliers in this area. This external assessment of CSR compliance by suppliers and the related documentary audit are in line with the organization and requirements set out in the Code of Conduct sent to suppliers. Supplemented by specific documentation for each project, Faurecia ensures 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.

EFPD At the end of 2020, Faurecia assessed the CSR performance of 2,481 suppliers, which represents around 87% of the suppliers. Also during 2020, the Group assessed the CSR performance of nearly 250 indirect suppliers.

This assessment is incorporated into the purchasing process and is systematically taken into account in the award of contracts. It is also included in the criteria for performance evaluation of suppliers.

Procedure for minerals from conflict zones

Faurecia pays particular attention to the origin of the minerals used in its products, in order to ensure that the minerals used by the Group do not fuel any conflicts and do not come from supply chains that do not meet its ethical criteria. Gold, tin, tantalum and tungsten are considered "conflict minerals" because they play a role in certain guerrilla groups in sub-Saharan Africa. This procedure will be extended to mica in 2021, due to the human rights risks existing in this supply chain.

The procedure for minerals from conflict zones is now managed by the purchasing department, which checks the use of materials likely to be made from conflict minerals.

Thanks to an international declaration platform, Faurecia is able to know all the products containing these minerals as well as the suppliers using them. A check with suppliers makes it possible to ensure that they actually use channels approved by the automakers, i.e. Faurecia's customers. Otherwise, an action plan is requested from the supplier to change their supply source.

4.4.2.3. 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:

- **referencing on the supplier panel:** the comprehensive assessment of risks, including the CSR assessment, is part of the entry process for suppliers to Faurecia's panel;
- **management of the relationship between Faurecia and its suppliers:** a supplier's qualification level depends on its final risk level, throughout its life cycle. For suppliers at risk, on all criteria, an action plan has been requested since 2018. The goal will be to ensure that these action plans are effective. The award of new projects is subject to obtaining an analysis by EcoVadis. Suppliers with a score of less than 30 were considered at risk in 2020. 2% of the suppliers assessed found themselves in this situation and are subject to an action plan;

- **risk analysis of materials used by suppliers:** 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 requires its suppliers to comply with its sustainable purchasing policy, as monitored with its partner, EcoVadis.

4.4.2.4. Implementation of a whistle-blowing system and receipt of alerts

Faurecia's whistle-blowing system was reviewed as part of compliance with the Sapin II Law. It may be used by Group employees to report breaches of human rights and fundamental freedoms, health and safety of people and the environment.

This whistle-blowing system was opened to all Group suppliers in 2019 via the internet address www.faurecia.com. An action plan was put in place at the end of 2020 to raise awareness of this alert system for Group suppliers, via various information channels. The presentation of the whistle-blowing line has been included in the annual performance reviews with suppliers since 2020. In addition during the satisfaction survey sent each year the question of knowledge of this whistle-blowing line is asked to suppliers and in the event of a

negative response, a reminder of its existence is mentioned directly in the survey. Finally, during meetings with its suppliers, Faurecia systematically reminds us of the existence of this whistle-blowing system, which is an integral part of its sustainable development program with its suppliers.

4.4.2.5. Monitoring of supplier quality

From an operational point of view, poor quality of supplier services is measured using two main indicators:

- PF4 ("quality" incidents detected at the Customer) as well as the other types of incidents are monitored and consolidated;
- The quantities of non-compliant products entering production plants: parts per million.

Suppliers generating poor quality incidents must implement safeguarding actions and actions to resolve the problem. An internal reporting process enables Faurecia to provide a suitable level of support to the supplier to help resolve the problem.

4.4.3. **EFPD** Business ethics



4.4.3.1. Ethics commitment issues



Faurecia has committed to responsible business ethics. As a signatory to the UN Global Compact since 2004, the Group 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 and revised several times, includes 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.

4.4.2.6. **EFPD** Supplier satisfaction survey

In order to assess the level of satisfaction of the relationship between Faurecia and its suppliers, the Group launched a satisfaction survey in 2019. The index is established on a scale of one to four and measures supplier satisfaction in four areas: strategy, innovation, operational excellence and business ethics. In 2019, the year in which it was implemented, the survey was carried out among around 1,000 direct suppliers, representing 70% of the Group's direct industrial purchasing volume, and reached 2.88.

The survey was repeated in 2020 with the inclusion of an additional chapter on crisis management and achieved a score of 2.94, with 72% of its suppliers having measured an improvement in its relationship between 2019 and 2020. The increase in results shows that the communication, transparency and methodology shared by Faurecia with its suppliers at the start of the global Covid-19 crisis were appreciated.

4.4.3.2. Acting 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 or give any gift or gratuity to or 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 online 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 of the above rules. Anyone 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, employees (Faurecians, including part-time employees, interns, consultants etc.) are encouraged to seek the assistance of their hierarchical manager, HR manager or a Compliance manager (including the Compliance Leaders chosen within each Business Group), orally or in writing.

There is 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.

Depending on the nature and importance of the events reported, additional investigations may be launched, an inquiry may be set up or an Internal Audit decided upon.

The identity of any person using the alert line 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.

Group Compliance broadly communicates about the Speak up process through internal communications, procedures and different trainings to help the Compliance team to ensure the effectiveness of the Speak up process. All the alerts are only received by the Chief Compliance Officer and the Group General Counsel. They ensure, with the Regional Compliance officers the legal protection of the whistleblower when needed. Faurecia alert system is accessible to any individuals or entities (Faurecian and external third parties) who want to raise a concern. Alerts can be entered into the tool in the desired language by the whistleblower. The tool is configured in the main Faurecia languages. Upon receipt of the alert, an investigation procedure is initiated in order to best ensure its management in accordance with applicable internal and local rules. At the end of the investigation, corrective actions can be taken. The compliance department monitors the implementation of these actions and periodically reports on the trends identified.

TRAINING, IDENTIFICATION AND RISK MONITORING



The Compliance department, the organization of which is described in Chapter 2 of this Universal Registration Document (see Section 2.1 "Contributors and systems"), is responsible for improving the 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 & professionals. For three years, 15,174 employees completed the MOOC.

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.

In order to maintain a strong ethics and compliance culture, Group compliance implemented different training sessions accessible to all Faurecians (including part-time employees, interns, consultants etc.). These trainings are Faurecia tailored and include the risks that may face targeted population.

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 Chapter 2 of this Universal Registration Document).

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.

4.4.3.3. Acting to prevent tax evasion



In support of its overall business strategy and objectives, the Faurecia 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.

Faurecia always acts in accordance with all applicable laws and regulations and is guided by relevant international standards (for example OECD Guidelines). The Group aims to rigorously comply with the essence of the law.

Faurecia ensures that tax filings and payments are made in accordance with all local regulations. The Group also maintains all tax records and performs tax reporting as required by any law in countries in which the Group operates.

Faurecia is committed to acting with integrity in all tax matters. It seeks to apply a policy of total transparency and maintain constructive relations with the tax authorities. This makes it possible to resolve any disputes more quickly. The Group recognizes, however, that tax legislation and procedures are complex areas. When it is not possible to quickly and professionally resolve a disagreement with the tax authorities, Faurecia is ready to refer the matter to the competent courts in order to defend the Group's position, if necessary, using the full extent of our resources to test the Group's interpretation of the law.

Faurecia manages tax affairs in a pro-active manner and does not use contrived or abnormal tax structures that are intended for tax avoidance, have no commercial substance

and do not meet the spirit of local or international law. Faurecia does not use secrecy jurisdictions or so-called "tax havens" for tax avoidance.

When the Group assesses taxes legally due for all its activities worldwide, it has two important objectives: to protect value for its shareholders and to fully comply with all legal and regulatory obligations, in line with its stakeholders' expectations.

The aim is to pay an appropriate amount of tax according to where value is created within the normal course of industrial or commercial activity. Consequently, all transfers of goods and services between companies within the Group are conducted on an arm's length basis. The pricing of such transactions between Group companies is based on fair market terms and reflects the commercial nature of the transactions.

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.

4.4.3.4. Commitments to respect fundamental rights



Faurecia has adhered to the UN Global Compact since 2004. By doing so, the Group committed to abiding by and promoting, in its business practices, a set of values and principles drawn from international texts and conventions relating to human rights, labor standards and the environment. Faurecia's Code of Ethics meets the International Labour Organization's (ILO) fundamental treaties. Faurecia's Management Code guides the day-to-day management of teams, customers and also suppliers, and translates many of the principles set out in the Code of Ethics into operational terms.

Faurecia developed two Compliance e-learning modules that let employees test their knowledge of the Group's applicable Code of Ethics and Management Code. The pedagogical approach promotes interactive training using short videos and animations. Additional practical guides have been developed.

In 2020, Faurecia is placing respect for human rights on the agenda of its discussions with its suppliers. The subject was added to the agenda of the supplier conference on December 10, 2020, which brought together more than 800 remote suppliers. This subject has also been included in the official business review agenda conducted every year with suppliers. The aim is for human rights to become a subject of mandatory conversation with all Faurecia suppliers.

Faurecia's Code of Ethics covers the following issues:

PROHIBITION OF CHILD LABOR



Faurecia complies with national laws and regulations relating to child labor. The Group refuses to employ children under the age of 16, under any circumstances, and complies with the provisions of the ILO regarding the health, safety and morality of young people aged between 15 and 18. The Group ensures that its suppliers and partners adhere to the same principles.

ELIMINATION OF ALL FORMS OF FORCED LABOR



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 consultation and negotiation. Given its decentralized legal and managerial structure, this policy is reflected in the signing of collective agreements at the level of establishments on the one hand and companies on the other.

ELIMINATION OF DISCRIMINATION IN EMPLOYMENT AND OCCUPATION

The Group is committed not to discriminate against anyone, notably on the basis of age, sex, skin color, nationality, religion, health status or disability, sexual orientation, political, philosophical or union-related opinion in its recruitment and career development initiatives. Every employee has the right to work in a healthy environment, free from any form of hostility or harassment qualified as unlawful under the regulations and practices in force in the countries where the Faurecia group operates.

In particular, Faurecia forbids any unlawful conduct construed as sexual or moral harassment, including in the absence of any hierarchical or subordination relationship.

As a signatory of the Global Compact commitments, Faurecia publishes its progress actions each year, for more information please refer to the Global Compact cross reference table in the section 4.6 of this Universal Document of Registration.

4.5. Report by the independent third party on the non-financial statement

For the year ended 2020

This is a free translation into English of the independent third party's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our capacity as independent third party, accredited by COFRAC number 3-1058 (scope available at www.cofrac.fr), and member of the Mazars network of one of the company's Statutory Auditors, we hereby report to you on the non-financial statement for the year ended 2020 (hereinafter the "Statement"), included in the Group management report pursuant to the requirements of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement which are available on request.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, and with ISAE 3000 ⁽¹⁾:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;

(1) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information set out in the second paragraph of article L. 22-10-36 regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as its [their] policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks such as social dialogue, business ethics, sustainable supply chain, product quality and safety, climate transition, our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities ⁽¹⁾;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities⁽¹⁾ and covers between 18% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
 - we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of 7 people between November 2020 and February 2021 and took a total of 5 weeks.

We conducted some 30 interviews with the people responsible for preparing the Statement, representing in particular CSR department, Compliance, Human resources, Labor relation, Quality, health and safety, environmental and purchasing departments.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, February the 22th 2021

French original signed by: Independent Verifier

Mazars SAS

Edwige REY

Partner, CSR & Sustainable Development

(1) FCM North America_San Jose Iturbide, Franklin
FIS North America_Saline
FAS Europe System Division_Lozorno, Pilsen.

Appendix 1: Information considered most important

QUALITATIVE INFORMATION (ACTIONS AND RESULTS)

- Safety in the workplace
- Talents attraction and retention
- Social dialogue
- Employee commitments
- Business ethics
- Responsible supply chain
- Product quality and safety
- Environmental impact of sites and climate change
- Climate change

QUANTITATIVE INDICATORS (INCLUDING KEY PERFORMANCE INDICATORS)

- Total number of employees recorded and split by contract
- FR0t (Accidents with lost time per millions of hours worked) by employees and temporary workers
- FR1t (Accidents without lost time per millions of hours worked) by employees and temporary workers
- Turnover rate of managers and professionals
- Number of company agreements signed
- Employee Engagement Index
- Percentage of M&P having received training on the Code of Ethics
- Share of direct purchasing volume assessed for CSR performance
- Supplier satisfaction index
- Customer satisfaction index
- Part of ISO 14001-certified production plants
- Energy consumption (MWh)/€m of sales
- Tons of waste/€m of sales
- Tons of CO₂ equivalent/€m of sales (scopes 1 and 2)
- Carbon footprint (scope 1, 2, 3)

4.6. Cross-reference tables



4.6.1. Faurecia's CSR strategy and the United Nations Sustainable Development Goals

| | | |
|---|--|--|
| 4.1.1. Faurecia's convictions for a sustainable development | | |
| 4.1.2. Engage through major international sustainability frameworks and draw on the recognized expertise of external partners | | |
| 4.1.3. Lead the CSR approach through ongoing dialogue with stakeholders | | |
| SOCIAL PERFORMANCE | | |
| 4.2.1. Safety in the workplace | | |
| 4.2.2. Employee engagement | | |
| 4.2.3. Social dialog | | |
| 4.2.4. Talents attraction and retention | | |
| 4.2.5. Compensation policy | | |
| 4.2.6. Promotion of diversity | | |
| 4.2.7. Societal actions of the Faurecia Foundation | | |
| ENVIRONMENTAL PERFORMANCE | | |
| 4.3.2. Environmental impact of production plants and climate change | | |
| 4.3.3. Climate transition risk management | | |
| 4.3.4. Sustainable product innovation for air quality and carbon footprint reduction | | |
| 4.3.5. Sustainable materials and the circular economy | | |
| SOCIETAL PERFORMANCE | | |
| 4.4.1. Product Quality and Safety | | |
| 4.4.2. Responsible supply chain | | |
| 4.4.3. Business ethics | | |

Methodological note for



Faurecia consolidates and discloses indicators according to the guidelines proposed by the Global Reporting Initiative (GRI).

The social, environmental and societal information contained in this chapter meets the requirements of Article L. 225-102-1 and Articles R. 225-105 et seq. of the French Code of commerce, transposing Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014: the Statement of Non-Financial Performance (SNFP).

The scope, as well as the methodologies for calculating the social, environmental and societal indicators are described in Sections 4.2, 4.3 and 4.4, respectively. Changes made to previous data or adjustments are specified in each section.

The period covered by this statement of non-financial performance corresponds to 2020. The previous statement of non-financial performance was published in Faurecia's Universal Registration Document and made available at <https://www.faurecia.com/> at the end of April 2020.

4.6.2. GRI Content Index and Global Compact Principles



This report has been prepared in accordance with the GRI standards: core compliance option

The elements required by the GRI standards are indicated in this report with the following logo:

| GRI standard | Information | Chapter number | Global Compact |
|--------------------------------------|---|---|----------------|
| GENERAL INFORMATION | | | |
| GRI 101: Foundation 2016 | | 4.1.3. Lead the CSR approach through ongoing dialogue with stakeholders | |
| | Reporting principles defining the content of the report | 4.1.1. Faurecia's convictions for a sustainable environment | |
| | | 4.1.4. Answering to the non-financial performance declaration and the duty of care | |
| | | 4.2.8. Other social performance indicators | |
| GRI 102: General information 2016 | Reporting principles defining the quality of the report | 4.3.6. Environmental reporting scope and methodologies for calculating carbon and volatile organic compound emissions | |
| | Disclosures associated with the use of GRI standards | 4.6. Cross-reference tables | |
| | Organization's profile | | |
| | 102-1 – Name of the organization | 6.1. Legal information | |
| | 102-2 – Activities, brands, products and services | Introduction chapter: Faurecia, a world leading automotive technology company | |
| | 102-3 – Location of the registered office | 6.1. Legal information | |
| | 102-4 – Location of the business sites | Introduction chapter: Faurecia, a world leading automotive technology company | |
| 102-5 – Ownership and legal form | 6.1. Legal information | | |
| 102-6 – Markets served | Introduction: Faurecia, a world leading automotive technology company | | |
| 102-7 – Scale of the organization | Introduction: Faurecia, a world leading automotive technology company | | |

| GRI standard | Information | Chapter number | Global Compact | |
|--|--|---|----------------|--|
| GRI 102: General information 2016 | 102-8 – Information on employees and other workers | 4.2.8.1. Headcounts | | |
| | 102-9 – Supply chain | 4.4.2. Responsible supply chain | | |
| | 102-10 – Significant changes to the organization and its supply chain | 1.3.5. Notes to the consolidated financial statements (Note 2) | | |
| | 102-11 – Precautionary principle or preventive approach | 2.1 Contributors and systems | Principle 7 | |
| | 102-12 – External initiatives | 4.1.2. Engage through major international sustainability frameworks and draw on the recognized expertise of external partners | | |
| | 102-13 – Membership of associations | 4.1.2. Engage through major international sustainability frameworks and draw on the recognized expertise of external partners | | |
| | Strategy | | | |
| | 102-14 – Statement by the most senior decision-maker | Introduction: Interview with Patrick Koller, Chief Executive Officer | | |
| | Ethics and integrity | | | |
| | 102-16 – Values, principles, standards and rules of conduct | Introduction: Transformation and value creation | | |
| | Governance | | | |
| | 102-18 – Governance structure | Introduction: Strong governance & risk management | | |
| | | 4.1.1.3. A CSR roadmap assessed at the very top levels of the organization | | |
| | 102-19- Delegation of authority | 4.1.1.3. A CSR roadmap assessed at the very top levels of the organization | | |
| 102-20- Executive-level responsibility for economic, environmental, and social topics. | 4.1.1.3. A CSR roadmap assessed at the very top levels of the organization | | | |
| Stakeholder involvement | | | | |
| 102-40 – List of stakeholder groups | 4.1. 3. Lead the CSR approach through ongoing dialogue with stakeholders | | | |
| 102-41 – Collective bargaining agreements | 4.2.3.2. In-depth social dialog with employee representatives | | Principle 3 | |
| 102-42 – Identification and selection of stakeholders | 4.1.3. Lead the CSR approach through ongoing dialogue with stakeholders | | | |
| 102-43 – Stakeholder engagement approach | 4.1.3. Lead the CSR approach through ongoing dialogue with stakeholders | | | |
| 102-44 – Key topics and concerns raised | 4.1.3. Lead the CSR approach through ongoing dialogue with stakeholders | | | |

| GRI standard | Information | Chapter number | Global Compact | |
|---|--|--|---|--|
| | Reporting practice | | | |
| GRI 102: General information 2016 | 102-45 – Entities included in the consolidated financial statements | 1.6.5. Subsidiaries and affiliates | | |
| | 102-46 – Definition of report content and topic boundaries | 4.1.4. Answering to the non-financial performance declaration and the duty of care | | |
| | 102-47 – List of material topics | 4.1.4. Answering to the non-financial performance declaration and the duty of care | | |
| | 102-48 – Restatements of information | 4.6. Cross-reference tables | | |
| | 102-49 – Changes in reporting | 4.6. Cross-reference tables | | |
| | 102-50 – Reporting period | 4.6. Cross-reference tables | | |
| | 102-51 – Date of the most recent report | 4.6. Cross-reference tables | | |
| | 102-52 – Reporting cycle | 4.2.8. Other social performance indicators | | |
| | | | 4.3.6.1. Environmental reporting scope | |
| | | 102-53 – Contact point for questions regarding the report | 6.5 Declaration by the person responsible for the Universal Registration Document and the information officer | |
| | 102-54 – Claims of reporting in accordance with the GRI Standards | 4.6.2. GRI Content Index and Global Compact Principles | | |
| | 102-55 – GRI content index | 4.6.2. GRI Content Index and Global Compact Principles | | |
| MATERIAL TOPICS | | | | |
| Business ethics | | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.4.3.1. Ethics commitment issues | | |
| | 103-2 – The management approach and its components | 4.4.3.2. Acting to prevent corruption | | |
| | 103-3 – Evaluation of the management approach | 4.4.3.2. Acting to prevent corruption | Principle 10 | |
| GRI 205: Anti-corruption 2016 | 205-2 – Communication and training about anti-corruption policies and procedures | 4.4.3.2. Acting to prevent corruption | | |
| Environmental impact of production plants and climate change | | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.3.2.2. Controlling and reducing energy and electricity consumption of sites | | |
| | 103-2 – The management approach and its components | 4.3.2.2. Controlling and reducing energy and electricity consumption of sites | | |
| | 103-3 – Evaluation of the management approach | 4.3.2.2. Controlling and reducing energy and electricity consumption of sites | | |
| GRI 302: Energy | 302-1 – Energy consumption within the organization | 4.3.2.2. Controlling and reducing energy and electricity consumption of sites | Principles 8 and 9 | |
| | 302-3- Energy intensity | 4.3.2.2. Controlling and reducing energy and electricity consumption of sites | | |
| | 302-4- Reduction of energy consumption | 4.3.2.2. Controlling and reducing energy and electricity consumption of sites | | |

| GRI standard | Information | Chapter number | Global Compact |
|---|---|---|--------------------|
| Environmental impact of production plants and climate change | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.3.2.3. Preventing, managing and recovering waste | |
| | 103-2 – The management approach and its components | 4.3.2.3. Preventing, managing and recovering waste | |
| | 103-3 – Evaluation of the management approach | 4.3.2.3. Preventing, managing and recovering waste | |
| GRI 303: Water and effluents 2018 | 303-1 – Interactions with water as a shared resource | 4.3.2.3. Preventing, managing and recovering waste | |
| | 303-2 – Management of impacts related to water discharge | 4.3.2.3. Preventing, managing and recovering waste | Principle 8 |
| | 303-4 – Water discharge | 4.3.2.3. Preventing, managing and recovering waste | |
| | 303-5 – Water consumption | 4.3.2.3. Preventing, managing and recovering waste | |
| Environmental impact of production plants and climate change | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.3.3.1. Reducing the CO ₂ footprint of sites and businesses | |
| | 103-2 – The management approach and its components | 4.3.3.1. Reducing the CO ₂ footprint of sites and businesses | |
| | 103-3 – Evaluation of the management approach | 4.3.3.1. Reducing the CO ₂ footprint of sites and businesses | |
| GRI 305: Emissions 2016 | 305-1 – Direct GHG emissions (scope 1) | 4.3.3.1. Reducing the CO ₂ footprint of sites and businesses 4.3.6.2. Methodology for calculating CO ₂ emissions | |
| | 305-2 – Indirect GHG emissions (scope 2) | 4.3.3.1. Reducing the CO ₂ footprint of sites and businesses 4.3.6.2. Methodology for calculating CO ₂ emissions | Principles 8 and 9 |
| | 305-3 – Other indirect GHG emissions (scope 3) | 4.3.3.1. Reducing the CO ₂ footprint of sites and businesses 4.3.6.2. Methodology for calculating CO ₂ emissions | |
| | 305-7 – Emissions of nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant atmospheric emissions | 4.3.2.3. Preventing, managing and recovering waste 4.3.6.3. Calculation methodology for VOC emissions (Volatile Organic Compounds) | |
| | | | |
| Environmental impact of production plants and climate change | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.3.2.3. Preventing, managing and recovering waste | |
| | 103-2 – The management approach and its components | 4.3.2.3. Preventing, managing and recovering waste | |
| | 103-3 – Evaluation of the management approach | 4.3.2.3. Preventing, managing and recovering waste | |
| GRI 306: Effluents and waste 2016 | 306-2 – Management of significant impacts related to waste | 4.3.2.3. Preventing, managing and recovering waste | |
| | 306-3 – Waste generated | 4.3.2.3. Preventing, managing and recovering waste | |
| | 306-4 – Waste not intended for disposal | 4.3.2.3. Preventing, managing and recovering waste | |

| GRI standard | Information | Chapter number | Global Compact |
|--|---|--|----------------|
| Responsible purchasing and duty of care | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.4.2.1. Issues related to responsible supply chain | |
| | 103-2 – The management approach and its components | 4.4.2.2. Subsidiary, sub-contractor and supplier assessment procedures | |
| | 103-3 – Evaluation of the management approach | 4.4.2.2. Subsidiary, sub-contractor and supplier assessment procedures | |
| GRI 308: Supplier environmental assessment 2016 | 308-1 – New suppliers that were screened using environmental criteria | 4.4.2.2. Subsidiary, sub-contractor and supplier assessment procedures | |
| | 308-2 – Negative environmental impacts in the supply chain and actions taken | 4.4.2.2. Subsidiary, sub-contractor and supplier assessment procedures | |
| Talent acquisition and retention | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.2.4. Talents acquisition and retention | |
| | 103-2 – The management approach and its components | 4.2.4. Talents acquisition and retention | |
| | 103-3 – Evaluation of the management approach | 4.2.4. Talents acquisition and retention | |
| GRI 401: Employment 2016 | 401-1 – New employee hires and employee turnover | 4.2.4.1. Recruitment focused on early career 4.2.7. Other social performance indicators | Principle 6 |
| | 401-2 - Benefits provided to full-time employees that are not provided to temporary or part-time employees | 4.2.5.1. Changes in compensation and benefits | |
| | 401-3 – Parental leave | 4.2.8.3. Work organization and absenteeism | |
| | Safety in the workplace | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.2.1. Safety in the workplace | |
| | 103-2 – The management approach and its components | 4.2.1. Safety in the workplace | |
| | 103-3 – Evaluation of the management approach | 4.2.1. Safety in the workplace | |
| GRI 403: Occupational health and safety 2018 | 403-1 – Occupational health and safety management system | 4.2.1. Safety in the workplace | |
| | 403-5 - Worker training on occupational health and safety | 4.2.1. Safety in the workplace | |
| | 403-7 - Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 4.2.1. Safety in the workplace | |
| | 403-9 – Occupational accidents | 4.2.1. Safety in the workplace | |
| | 403-10 – Occupational illnesses | 4.2.8.3. Work organization and absenteeism | |

| GRI standard | Information | Chapter number | Global Compact |
|--|--|---|----------------|
| Employee engagement/Talent acquisition and retention | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.2.2.2. Training for the Group's resilience and transformation 4.2.4. Talents acquisition and retention | Principle 6 |
| | 103-2 – The management approach and its components | 4.2.2.2. Training for the Group's resilience and transformation 4.2.4. Talents acquisition and retention | |
| | 103-3 – Evaluation of the management approach | 4.2.2.2. Training for the Group's resilience and transformation 4.2.4. Talents acquisition and retention | |
| GRI 404: Training and education 2016 | 404-1 – Average number of training hours per year per employee | 4.2.2.2. Training for the Group's resilience and transformation | |
| | 404-2 – Programs for upgrading employee skills and transition assistance programs | 4.2.4.5. Developing skills and optimizing career management | |
| | 404-3 – Percentage of employees receiving regular performance and career development reviews | 4.2.4.4. Consolidating the Group's performance culture and having exemplary leaders | |
| Promotion of diversity | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.2.6. Promotion of diversity | Principle 6 |
| | 103-2 – The management approach and its components | 4.2.6. Promotion of diversity | |
| | 103-3 – Evaluation of the management approach | 4.2.6. Promotion of diversity | |
| GRI 405: Diversity and equal opportunity 2016 | 405-1 – Diversity of governance bodies and employees | 4.2.6.2. Gender diversity 4.2.8.1 Headcounts | |
| Social dialogue | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.2.3.2. In-depth social dialogue with employee representatives 4.4.2.1. Issues related to responsible supply chain | Principle 3 |
| | 103-2 – The management approach and its components | 4.2.3.2. In-depth social dialogue with employee representatives 4.4.2.2. Subsidiary, sub-contractor and supplier assessment procedures | |
| | 103-3 – Evaluation of the management approach | 4.2.3.2. In-depth social dialogue with employee representatives 4.4.2.2. Subsidiary, sub-contractor and supplier assessment procedures | |
| GRI 407: Freedom of association and collective bargaining 2016 | 407-1 – Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 4.2.3.2. In-depth social dialog with employee representatives 4.4.2.2. Subsidiary, sub-contractor and supplier assessment procedures | |

| GRI standard | Information | Chapter number | Global Compact |
|--|---|--|--------------------|
| Business ethics | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.4.3.1. Ethics commitment issues | Principle 5 |
| | 103-2 – The management approach and its components | 4.4.3.4. Commitments to respect fundamental rights | |
| | 103-3 – Evaluation of the management approach | 4.4.3.4. Commitments to respect fundamental rights | |
| GRI 408: Child labor 2016 | 408-1 – Operations and suppliers at significant risk for child labor | 4.4.3.4. Commitments to respect fundamental rights | |
| Business ethics | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.4.3.1. Ethics commitment issues | Principle 4 |
| | 103-2 – The management approach and its components | 4.4.3.4. Commitments to respect fundamental rights | |
| | 103-3 – Evaluation of the management approach | 4.4.3.4. Commitments to respect fundamental rights | |
| GRI 409: Forced or compulsory labor 2016 | 409-1 – Operations and suppliers at significant risk for forced or compulsory labor | 4.4.3.4. Commitments to respect fundamental rights | |
| Business ethics | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.4.3.1. Ethics commitment issues | Principles 1 and 2 |
| | 103-2 – The management approach and its components | 4.4.3.4. Commitments to respect fundamental rights | |
| | 103-3 – Evaluation of the management approach | 4.4.3.3. Acting to prevent corruption | |
| GRI 412: Human Rights Assessment 2016 | 412-2 – Employee training on human rights policies or procedures | 4.4.3.3. Acting to prevent corruption 4.4.3.4. Commitments to respect fundamental rights | |
| Responsible purchasing and duty of care | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.4.2.1. Issues related to responsible supply chain | Principle 2 |
| | 103-2 – The management approach and its components | 4.4.2.2. Subsidiary, sub-contractor and supplier assessment procedures | |
| | 103-3 – Evaluation of the management approach | 4.4.2.3. Actions to mitigate risks or prevent serious breaches | |
| GRI 414: Supplier social assessment 2016 | 414-1 – New suppliers that were screened using social criteria | 4.4.2.2. Subsidiary, sub-contractor and supplier assessment procedures | |
| | 414-2 – Negative social impacts in the supply chain and actions taken | 4.4.2.2. Subsidiary, sub-contractor and supplier assessment procedures 4.4.2.3. Actions to mitigate risks or prevent serious breaches | |
| Product Quality and Safety | | | |
| GRI 103: The management approach 2016 | 103-1 – Explanation of the material topic and its boundary | 4.4.1.1. Product quality and safety issue | |
| | 103-2 – The management approach and its components | 4.4.1.2. Measures taken for products quality | |
| | 103-3 – Evaluation of the management approach | 4.4.1.3. Measures taken for products quality | |
| GRI 416: Consumer Health and Safety 2016 | 416-1 – Assessment of the health and safety impacts of product and service categories | 4.4.1.5. Rate of sites at risk | |

4.6.3. Cross-reference table of the Women's Empowerment Principles



| Women's Empowerment Principles | Chapter number |
|---|--------------------------------|
| Principle 1: Establish high-level corporate leadership for gender equality. | 4.2.6 Promotion of diversity |
| Principle 2: Treat all women and men fairly at work – respect and support human rights and non-discrimination. | 4.2.6 Promotion of diversity |
| Principle 3: Ensure the health, safety and well-being of all women and men employees. | 4.4.3 Business ethics |
| Principle 4: Promote education, training and professional development for women. | 4.2.1. Safety in the workplace |
| Principle 5: Implement enterprise development, supply chain and marketing practices that empower women. | 4.2.6 Promotion of diversity |
| Principle 6: Promote equality through community initiatives and advocacy. | 4.4.3 Business ethics |
| Principle 7: Measure and publicly report on progress to achieve gender equality. | 4.2.6 Promotion of diversity |

4.6.4. TCFD cross-reference table



| Topics | TCFD recommendation | Chapter number |
|------------------------|--|--|
| Governance | a) Board of Directors' approach to climate-related risks and opportunities. | 4.3.3.2. Integrating the climate transition risk into the Group's strategy |
| | b) Description of management's role in assessing and managing climate-related risks and opportunities. | 4.3.3.2. Integrating the climate transition risk into the Group's strategy |
| Strategy | a) Description of climate-related risks and opportunities over the short, medium and long term (respectively 1 to 3 years, 3 to 5 years and 5 to 10 years). | 4.3.3.2. Integrating the climate transition risk into the Group's strategy |
| | b) Description of the impact of climate-related risks and opportunities on the business model, strategy and financial planning. | 4.3.3.2. Integrating the climate transition risk into the Group's strategy |
| | c) Description of the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | 4.3.3.2. Integrating the climate transition risk into the Group's strategy |
| Risk management | a) Description of the process for identifying climate-related risks. | 4.3.3.2. Integrating the climate transition risk into the Group's strategy |
| | b) Description of the processes for managing these risks. | 4.3.3.2. Integrating the climate transition risk into the Group's strategy |
| | c) Description of how these processes are integrated into a more global risk management strategy. | 4.3.3.2. Integrating the climate transition risk into the Group's strategy |
| Indicators and targets | a) Disclosure of the indicators used to assess climate-related risks and opportunities in line with the Company's strategy and risk management. | 4.3.3. Climate transition risk management |
| | b) Disclosure of scopes 1 and 2 and, if appropriate, of scope 3 and related risks. | 4.3.3. Climate transition risk management |
| | c) Description of the objectives set by the Company to manage climate-related risks, opportunities and performance. | 4.3.3.2. Integrating the climate transition risk into the Group's strategy |

4.6.5. SASB cross-reference table – indicators for the transportation sector, automotive spare parts



Sustainability Disclosure Topics & Accounting Metrics

| Topic | Accounting metric | Category | Unity of measure | SASB Code | Chapter number |
|----------------------------|---|-------------------------|---------------------------------|--------------|--|
| Energy Management | (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable | Quantitative | Gigajoules (GJ), Percentage (%) | TR-AP-130a.1 | 4.3.2.2. Controlling and reducing the energy and electricity consumption of sites |
| Waste Management | (1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled | Quantitative | Metric tons (t), Percentage (%) | TR-AP-150a.1 | 4.3.2.3.Preventing, managing and recovering waste 4.3.6.1 Environmental reporting scope |
| Product Safety | Number of recalls issued, total units recalled | Quantitative | Number | TR-AP-250a.1 | 4.4.1. Product Quality and Safety |
| Design for Fuel Efficiency | Revenue from products designed to increase fuel efficiency and/or reduce emissions | Quantitative | Reporting currency | TR-AP-410a.1 | Introduction: Transformation and value creation Faurecia, a world leading automotive technology company |
| Material Sourcing | Description of the management of risks associated with the use of critical materials | Discussion and Analysis | n/a | TR-AP-440a.1 | 4.3.2.3.Preventing, managing and recovering waste |
| Materials efficiency | Percentage of products sold that are recyclable | Quantitative | Percentage (%) | TR-AP-440b.1 | 4.3.5. Sustainable materials and the circular economy |
| Materials efficiency | Percentage of input materials from recycled or remanufactured content | Quantitative | Percentage (%) | TR-AP-440b.2 | |
| Competitive behavior | Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations | Quantitative | Reporting currency | TR-AP-520a-1 | 24.2 Contingent liabilities |
| Activity Metrics | | | | | |
| | Number of parts produced | Quantitative | Number | TR-AP-000.A | Introduction: Faurecia, a world leading automotive technology company 2020 Financial Performance |
| | Area of manufacturing plants | Quantitative | Square meters (m²) | TR-AP-000.C | Introduction: Faurecia, a world leading automotive technology company 2020 Financial Performance |

5

Capital stock and shareholding structure

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5.1. Shareholding

5.1.1. Changes in capital stock

All issued shares are representing the Company's capital stock.

As of December 31, 2020 and February 19, 2021, the Company's capital stock amounted to €966,250,607, divided into 138,035,801 fully paid-up shares with a par value of €7 each, all in the same class.

The breakdown of Faurecia's capital stock and voting rights as of February 19, 2021 and over the last three years is as follows:

| Shareholders at 19/02/2021 | Shares | % capital stock | Theoretical voting rights ⁽²⁾ * | % theoretical voting rights | Voting rights exercisable at General Meetings ⁽³⁾ * | % voting rights exercisable at General Meetings |
|---|--------------------|-----------------|--|-----------------------------|--|---|
| Stellantis N.V. ⁽¹⁾ | 54,297,006 | 39.34 | 54,297,006 | 38.90 | 54,297,006 | 39.04 |
| Faurecia Actionnariat Corporate Mutual fund | 458,002 | 0.33 | 799,765 | 0.57 | 799,765 ⁽⁴⁾ | 0.58 |
| Corporate officers | 98,383 | 0.07 | 121,233 | 0.09 | 121,233 | 0.09 |
| Treasury stock | 499,273 | 0.36 | 499,273 | 0.36 | 0 | 0 |
| o/w liquidity contract | 0 | 0 | 0 | 0 | 0 | 0 |
| Other shareholders (registered and bearer) | 82,683,137 | 59.90 | 83,846,216 | 60.08 | 83,846,216 | 60.29 |
| TOTAL | 138,035,801 | 100% | 139,563,493 | 100% | 139,064,220 | 100% |

* Calculations based on information from the Caceis Corporate Trust register on February 19, 2021.

(1) Company resulting from the merger between PSA and FCA completed on January 16, 2021.

(2) Theoretical voting rights = total number of voting rights attached to the total number of shares, including shares deprived of voting rights (including treasury shares). It is reminded that, in accordance with applicable regulations on the crossing of thresholds, the thresholds related to voting rights are calculated on the basis of theoretical voting rights (and not on the basis of exercisable voting rights).

(3) Exercisable voting rights = number of voting rights attached to the shares with voting rights.

(4) The difference between the number of shares held by the shareholder and the number of exercisable voting rights is the result of the double voting rights held by the shareholder.

It is reminded that as part of the merger between PSA and FCA, measures were taken in order for Stellantis not to acquire the control of the Company after the completion of the merger. PSA notably undertook to convert all its stake in Faurecia into bearer shares, resulting in the loss of its double voting-rights: the conversion was effective on January 12, 2021 (followed by a remittance in the registered form on the same day). This conversion also automatically resulted in a reduction of the total amount of double-voting rights existing within the Company. After this operation, the total amount of the Company's double-voting rights became lower than 2% of total voting rights. This proportion remains unchanged at the date of this Universal Registration Document and should, considering the new shareholding, remain constant at a medium term.

| Shareholders at 31/12/2020 | Shares | % capital | Theoretical voting rights ⁽²⁾ * | % theoretical voting rights | Voting rights exercisable at General Meetings ⁽³⁾ * | % voting rights exercisable at General Meetings |
|---|--------------------|-------------|--|-----------------------------|--|---|
| Peugeot S.A. ⁽¹⁾ | 54,297,006 | 39.34 | 108,594,012 | 56.02 | 108,594,012 ⁽⁴⁾ | 56.16 |
| Faurecia Actionnariat Corporate Mutual fund | 458,110 | 0.33 | 791,590 | 0.41 | 791,590 ⁽⁴⁾ | 0.41 |
| Corporate officers | 98,523 | 0.07 | 121,413 | 0.06 | 121,413 | 0.06 |
| Treasury stock | 499,273 | 0.36 | 499,273 | 0.26 | 0 | 0 |
| o/w liquidity contract | 0 | 0 | 0 | 0 | 0 | 0 |
| Other shareholders (registered and bearer) | 82,682,889 | 59.90 | 83,849,813 | 43.45 | 83,849,813 | 43.37 |
| TOTAL | 138,035,801 | 100% | 193,856,101 | 100% | 193,356,828 | 100% |

* Calculations based on information from the Caceis Corporate Trust Register on December 31, 2020.

(1) Company absorbed by FCA on January 16, 2021, as part of the PSA/FCA merger. The company resulting from the merger holding the shareholding in Faurecia was named Stellantis.

(2) Theoretical voting rights = total number of voting rights attached to the total number of shares, including shares deprived of voting rights (including treasury shares). It is reminded that, in accordance with applicable regulations on the crossing of thresholds, the thresholds related to voting rights are calculated on the basis of theoretical voting rights (and not on the basis of exercisable voting rights).

(3) Exercisable voting rights = number of voting rights attached to the shares with voting rights.

(4) The difference between the number of shares held by the shareholder and the number of exercisable voting rights is the result of the double voting rights held by the shareholder.

| Shareholders at 31/12/2019 | Shares | % capital stock | Theoretical voting rights ⁽¹⁾ * | % theoretical voting rights | Voting rights exercisable at General Meetings ⁽²⁾ * | % voting rights exercisable at General Meetings |
|---|--------------------|-----------------|--|-----------------------------|--|---|
| Peugeot S.A. | 63,960,006 | 46.34 | 127,920,012 | 62.99 | 127,920,012 ⁽³⁾ | 63.34 |
| Faurecia Actionnariat Corporate Mutual fund | 388,152 | 0.28 | 695,270 | 0.34 | 695,270 ⁽³⁾ | 0.34 |
| Corporate officers | 52,462 | 0.04 | 56,907 | 0.03 | 56,907 | 0.03 |
| Treasury stock | 1,149,994 | 0.83 | 1,149,994 | 0.57 | 0 | 0 |
| o/w liquidity contract | 19,000 | 0.01 | 19,000 | 0.01 | 0 | 0 |
| Other shareholders (registered and bearer) | 72,485,187 | 52.51 | 73,273,444 | 36.08 | 73,273,444 | 36.28 |
| TOTAL | 138,035,801 | 100% | 203,095,627 | 100% | 201,945,633 | 100% |

* Calculations based on information from the Caceis Corporate Trust Register on December 31, 2019.

(1) Theoretical voting rights = total number of voting rights attached to the total number of shares, including shares deprived of voting rights (including treasury shares). It is reminded that, in accordance with applicable regulations on the crossing of thresholds, the thresholds related to voting rights are calculated on the basis of theoretical voting rights (and not on the basis of exercisable voting rights).

(2) Exercisable voting rights = number of voting rights attached to the shares with voting rights.

(3) The difference between the number of shares held by the shareholder and the number of exercisable voting rights is the result of the double voting rights held by the shareholder.

| Shareholders at 31/12/2018 | Shares | % capital stock | Theoretical voting rights ⁽¹⁾ * | % theoretical voting rights | Voting rights exercisable at General Meetings ⁽²⁾ * | % voting rights exercisable at General Meetings |
|---|--------------------|-----------------|--|-----------------------------|--|---|
| Peugeot S.A. | 63,960,006 | 46.34 | 127,920,012 | 63.11 | 127,920,012 ⁽³⁾ | 63.39 |
| Faurecia Actionnariat Corporate Mutual fund | 333,480 | 0.24 | 640,598 | 0.32 | 640,598 ⁽³⁾ | 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 |
| o/w liquidity contract | 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 |
| TOTAL | 138,035,801 | 100% | 202,700,644 | 100% | 201,783,484 | 100% |

* Calculations based on information from the Caceis Corporate Trust Register on December 31, 2018.

(1) Theoretical voting rights = total number of voting rights attached to the total number of shares, including shares deprived of voting rights (including treasury shares). It is reminded that, in accordance with applicable regulations on the crossing of thresholds, the thresholds related to voting rights are calculated on the basis of theoretical voting rights (and not on the basis of exercisable voting rights).

(2) Exercisable voting rights = number of voting rights attached to the shares with voting rights.

(3) The difference between the number of shares held by the shareholder and the number of exercisable voting rights is the result of the double voting rights held by the shareholder.

5.1.2. Crossing of legal thresholds

The following disclosures regarding crossing of legal thresholds were made since the beginning of the 2020 fiscal year until the date of this Universal Registration Document. It is reminded that, in accordance with applicable regulations on the crossing of thresholds, the investment thresholds related to voting rights are calculated on the basis of theoretical voting rights (not on the basis of exercisable voting rights). Information provided below is based on thresholds crossing notices published by the *Autorité des Marchés Financiers* (AMF):

| Shareholder's name | No. and date of AMF publication | Date of the crossing | Threshold crossed | Upwards/downwards | Number of shares/voting rights (depending on thresholds crossed) afterwards | % capital stock afterwards | % theoretical voting rights afterwards |
|--------------------|---------------------------------|----------------------|--|-------------------|---|----------------------------|--|
| BlackRock, Inc. | 220C2653/ July 23, 2020 | July 22, 2020 | 5% of capital stock | Upward | 6,916,978 | 5.01% | 3.41% |
| BlackRock, Inc. | 220C3163/ August 21, 2020 | August 20, 2020 | 5% of capital stock | Downward | 6,897,244 | 4.99% | 3.39% |
| BlackRock, Inc. | 220C3183/ August 24, 2020 | August 21, 2020 | 5% of capital stock | Upward | 7,061,357 | 5.12% | 3.47% |
| BlackRock, Inc. | 220C3208/ August 25, 2020 | August 24, 2020 | 5% of capital stock | Downward | 6,709,569 | 4.86% | 3.30% |
| BlackRock, Inc. | 220C3239/ August 27, 2020 | August 25, 2020 | 5% of capital stock | Upward | 6,947,236 | 5.03% | 3.41% |
| BlackRock, Inc. | 220C3290/ August 31, 2020 | August 27, 2020 | 5% of capital stock | Downward | 6,695,915 | 4.85% | 3.29% |
| BlackRock, Inc. | 220C3449/ Sept. 7, 2020 | Sept. 4, 2020 | 5% of capital stock | Upward | 7,131,120 | 5.17% | 3.50% |
| BlackRock, Inc. | 220C3492/ Sept. 9, 2020 | Sept. 7, 2020 | 5% of capital stock | Downward | 6,712,315 | 4.86% | 3.30% |
| BlackRock, Inc. | 220C3537/ Sept. 10, 2020 | Sept. 9, 2020 | 5% of capital stock | Upward | 6,913,969 | 5.01% | 3.40% |
| BlackRock, Inc. | 220C3574/ Sept. 14, 2020 | Sept. 10, 2020 | 5% of capital stock | Downward | 6,523,605 | 4.73% | 3.21% |
| Peugeot S.A. | 221C0091/ Jan. 12, 2021 | Jan. 12, 2021 | 50% of capital stock | Downward | 54,297,006 | 39.34% | 38.91% |
| Stellantis N.V. | 221C0157/ Jan. 20, 2021 | Jan. 16, 2021 | 5%, 10%, 15%, 20%, 25%, 30% and 1/3 of capital stock and voting rights | Upward | 54,297,006 | 39.34% | 38.91% |

5.1.3. Shareholdings of shareholders representing more than 5% of the capital or voting rights

To the Company's knowledge, no shareholder holds directly or indirectly, alone or in concert, more than 5% of the Company's capital or voting rights:

- as of December 31, 2020, with the exception of Peugeot S.A (PSA). It is noted that PSA was absorbed by FCA on January 16, 2021. The combined company resulting from the merger was named Stellantis;
- as of the date of this Universal Registration Document, with the exception of Stellantis.

In accordance with applicable regulations, the Company is entitled to request at any time, either from the central custodian that maintains the issuance account for its securities or directly from one or more registered intermediaries,

information on the holders of securities conferring immediate or future voting rights at its own General Meetings, such as the identity of the holder, nationality, year of birth or establishment, the postal and, where applicable, electronic address, the number of securities held by each of them and the type of securities held, the date on which they began to be held as well as, where applicable, any restrictions that may apply to the securities.

To the Company's knowledge, no shareholder made a pledge on the Faurecia securities that they hold.

To the Company's knowledge, there are no agreements referred to in Article L. 233-11 of the French Code of commerce.

5.2. Capital stock

5.2.1. Authorized capital stock

The table below summarizes the status of the current financial authorizations and delegations in terms of capital increases granted by the General Meeting of June 26, 2020 and how they were used during the 2020 fiscal year.

| Type of authorization/delegation | Maximum amount/nominal value | Term | Use in 2020 |
|--|--|-----------|--|
| Resolution No. 18 Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the capital stock (of the Company and/or of a Subsidiary), with preferential subscription rights or to increase the Company's share capital through the capitalization of reserves, profits and/or premiums (not usable during public offer period) | <ul style="list-style-type: none"> ■ <u>Capital stock</u>: €290 million (total capital stock ceiling) ■ <u>Debt securities</u>: €1 billion (total debt ceiling) | 26 months | No |
| Resolution No. 19 Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the capital stock (of the Company and/or of a Subsidiary), with cancellation of the preferential subscription right, by means of a public offer and/or as compensation for securities as part of a public exchange offer (not usable during public offer periods) | <ul style="list-style-type: none"> ■ <u>Capital</u>: €95 million (ceiling shared with Resolutions No.20 and 22; to be deducted from the total capital ceiling) ■ <u>Debt securities</u>: €1 billion (deducted from the total debt ceiling) | 26 months | No |
| Resolution No. 20 Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the capital stock (of the Company and/or of a Subsidiary), with cancellation of the preferential subscription right, through an offer aimed exclusively at a limited circle of investors acting on their own behalf, or at qualified investors (not usable during public offer periods) | <ul style="list-style-type: none"> ■ <u>Capital</u>: €95 million (ceiling shared with Resolutions No.19 and 22; to be deducted from the total capital ceiling) ■ <u>Debt securities</u>: €1 billion (deducted from the total debt ceiling) | 26 months | No |
| Resolution No. 21 Authorization to increase the amount of the issues provided for in Resolutions No.18 to 20 (not usable during public offer periods) | <ul style="list-style-type: none"> ■ Up to a limit of 15% of the initial issue and at the same price as that for the initial issue (applicable to issuances made under Resolutions No. 18 to 20) | 26 months | No |
| Resolution No. 22 Delegation of authority to the Board of Directors to issue shares and/or securities giving access to the Company's capital stock, without preferential subscription rights, to remunerate contributions in kind granted to the Company (not usable during public offer periods) | <ul style="list-style-type: none"> ■ <u>Capital</u>: €95 million (ceiling shared with Resolutions No.19 and 20; to be deducted from the total capital ceiling) ■ <u>Debt securities</u>: €1 billion (deducted from the total debt ceiling) | 26 months | No |
| Resolution No. 23 Authorization to the Board of Directors to award free shares, entailing the waiver by shareholders of their preferential subscription rights | <ul style="list-style-type: none"> ■ <u>Number of shares</u>: 2,000,000 (ceiling independent of other resolutions) ■ <u>Sub-ceiling for executive and non-executive corporate officers</u>: 10% of the above-mentioned ceiling | 26 months | Authorization used by the Board of Directors of October 22, 2020 which awarded a maximum of 1,384,630 shares |
| Resolution No. 24 Delegation of authority to the Board of Directors to increase the capital stock by issuing shares and/or securities giving access to the Company's capital stock, with preferential subscription rights for the benefit of members of a company savings plan | <ul style="list-style-type: none"> ■ <u>Capital stock</u>: 2% (assessed on the day of the General Meeting; ceiling independent of other Resolutions) ■ <u>Debt securities</u>: €1 billion (ceiling independent of the other Resolutions) | 26 months | No |

5.2.2. Potential capital stock

As of December 31, 2020, the potential capital stock was comprised only of performance shares ⁽¹⁾.

The Company's policy on the allocation of performance shares, which aims to benefit the Chief Executive Officer, the members of the Executive Committee as well as the Group Leadership Committee comprising 277 members, is described in the Chief Executive Officer's compensation policy (Chapter 3, Section 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of this Universal Registration Document).

The tables below summarize the current or expired performance share plans during the fiscal year ended December 31, 2020. It is reminded that, for information purposes and to allow a consolidated reading of the data on the performance conditions selected and their rate of achievement, the definitive vesting of the performance shares is subject to fulfillment of the following performance conditions:

- an internal performance condition related to the Group net income after tax, before taking into account capital gains from disposal of assets and changes in the Group's structure. This internal condition is measured by comparing the net income for the third fiscal year ending after the grant date of the performance shares with that forecast for the same fiscal year in the strategic plan. The number of shares that will be definitively granted in respect of this criterion varies according to achievement of the set targets, with a range around the target (minimum, target, maximum);
- from 2019, a second internal condition on corporate and social responsibility related to gender diversity, and more precisely the percentage of women within the "Managers & Professionals" category of the Group for the third fiscal year ending after the date on which the performance shares are granted, compared to the targets set by the Board of Directors at the date on which the performance shares are granted. The number of shares that will be definitively granted in respect of this criterion varies according to achievement of the set targets, with a range around the target (minimum, target, maximum);
- an external performance condition, i.e., growth of the Company's net earnings per share assessed between the

last fiscal year before the grant date of the shares and the third fiscal year ended after the grant date of the shares. This condition is assessed against the weighted growth of a reference group made up of twelve comparable international automotive suppliers over the same period. The number of shares that will be definitively granted in respect of this criterion varies according to achievement of the set targets (minimum, target, maximum) according to the methods described below:

- minimum (i) if the weighted growth in net earnings per share of the reference group is less than or equal to -20%, i.e. negative, the external condition is met at maximum if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth; (ii) if the weighted growth in net earnings per share of the reference group is between -20% and +20%, the external condition is met at maximum if the growth in Faurecia's net earnings per share is less than 5% of this weighted growth; (iii) if the weighted growth in net earnings per share of the reference group is equal to or more than +20%, i.e. positive, the external condition is met at maximum if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth,
- target: if the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled,
- maximum (i) if the weighted growth in net earnings per share of the reference group is less than or equal to -20%, i.e. negative, the external condition is met at maximum if the growth in Faurecia's net earnings per share is equal to or more than 75% of this weighted growth; (ii) if the weighted growth in net earnings per share of the reference group is between -20% and +20%, the external condition is met at maximum if the growth in Faurecia's net earnings per share is equal to or more than 5% of this weighted growth; (iii) if the weighted growth in net earnings per share of the reference group is equal to or more than +20%, the external condition is met at maximum if the growth in Faurecia's net earnings per share is equal to or more than 125% of this weighted growth.

(1) No stock subscription options plans have been in force since April 16, 2017. Consequently, tables No. 8 of the AFEP-MEDEF Code and AMF recommendation No. 2021-02 ("History of allocations of stock options") and No. 9 of the AMF recommendation No. 2021-02 ("Stock subscription or purchase options granted during the fiscal year to the top ten non-corporate officer employees and options exercised by them during the year") are not applicable.

5 Capital stock and shareholding structure

Capital stock

DETAILED HISTORY OF PERFORMANCE SHARE PLANS ⁽¹⁾

Table No. 9 of the AFEP-MEDEF Code and table No. 10 of AMF recommendation No. 2021-02

| Information on performance shares grant | Plan No. 8 of July 25, 2016 * | Plan No. 9 of July 20, 2017 ⁽¹⁾ |
|--|---|---|
| GM date | May 27, 2016 | May 27, 2016 |
| Board of Directors date | July 25, 2016 | July 20, 2017 |
| Total number of shares allocated during the relevant fiscal year by threshold, of which: | <u>Min:</u> 380,480 <u>Target:</u> 760,961 <u>Max:</u> 989,945 | <u>Min:</u> 313,962 <u>Target:</u> 627,924 <u>Max:</u> 816,300 |
| Corporate officers | | |
| ■ Yann DELABRIÈRE | 0 | Not applicable |
| ■ Michel de ROSEN | Not applicable | 0 |
| ■ Patrick KOLLER | <u>Min:</u> 21,190 <u>Target:</u> 42,381 <u>Max:</u> 55,095 | <u>Min:</u> 15,154 <u>Target:</u> 30,308 <u>Max:</u> 39,400 |
| Number of beneficiaries | 326 | 336 |
| Acquisition date | July 25, 2020 for all the beneficiaries of the plan, working and tax residents in France and abroad | July 20, 2021 |
| Availability date | July 25, 2020 for all the beneficiaries of the plan, working and tax residents in France and abroad | July 20, 2021 |
| Performance conditions | Internal condition on Group net income (after tax) (weighting of 60%), with a required achievement rate between 75% and 125%, the target being 100% External condition on net earnings per share (weighting of 40%), according to the assessment methods described in the introductory section | Internal condition on Group net income (after tax) (weighting of 60%), with a required achievement rate between 91% and 110%, the target being 100% External condition on net earnings per share (weighting of 40%), according to the assessment methods described in the introductory section |
| Achievement rate of performance conditions | Internal condition Group net income (after tax): 93% External condition on net earnings per share: 130% Overall achievement of conditions: 108% | Internal condition Group net income (after tax): 62% External condition on net earnings per share: 130% Overall achievement of conditions: 89% The total number of shares to be delivered, subject to compliance with the presence condition, is 440,567 shares at 31 December 2020, including 26,974 for the Chief Executive Officer. |
| Number of shares vested at December 31, 2020 | 631,721 of which 45,771 for the Chief Executive Officer | 0 |
| Accumulated number of shares canceled or forfeited as of December 31, 2020 | 190,028 | 118,191 |
| Performance shares outstanding at December 31, 2020 | 0 | 440,567 |

* As the performance conditions for plans No. 8 and 9 are known, the effective number of shares vested, canceled or forfeited and outstanding are indicated in this table.

(1) The tables below present the current or expired plans during the 2020 financial year. Plans No. 1 to No. 7, which have expired, have not been recalled in this Universal Registration Document. For more information on these plans (including performance conditions, objectives set and achievement of these objectives), please refer to the 2018 Company Registration Document, page 209 and the 2019 Universal Registration Document, page 330. For information however, please note that for plans No. 1 to No. 7 subject to performance condition(s), performance condition(s) (i) were met for four plans (plans No. 1, No. 5, No. 6 and No. 7), at the maximum rate for three of them (except for plan No. 7), and (ii) were not met for three plans (plans No. 2, No. 3 and No. 4) and therefore no share was definitively vested by the beneficiaries of these three plans.

| Information on performance shares grant | Plan No. 10 of July 19, 2018 ⁽²⁾ | Plan No. 11 of October 9, 2019 ⁽³⁾ |
|---|--|--|
| GM date | May 29, 2018 | May 28, 2019 |
| Board of Directors date | July 19, 2018 | October 9, 2019 |
| Number of shares allocated during the relevant fiscal year by threshold, of which: | <u>Min:</u> 209,136 <u>Target:</u> 418,272 <u>Max:</u> 543,760 | <u>Min:</u> 439,930 <u>Target:</u> 881,930 <u>Max:</u> 1,147,260 |
| Corporate officers | | |
| ■ Michel de ROSEN | 0 | 0 |
| ■ Patrick KOLLER | <u>Min:</u> 10,385 <u>Target:</u> 20,770 <u>Max:</u> 27,000 | <u>Min:</u> 21,620 <u>Target:</u> 43,250 <u>Max:</u> 56,220 |
| Number of beneficiaries | 269 | 274 |
| Acquisition date | July 19, 2022 | October 9, 2023 |
| Availability date | July 19, 2022 | October 9, 2023 |
| Performance conditions | Internal condition on Group net income (after tax) (weighting of 60%), with a required achievement rate between 91% and 110%, the target being 100% ⁽⁴⁾ External condition on net earnings per share (weighting of 40%), according to the assessment methods described in the introductory section | Internal condition on Group net income (after tax) (weighting of 60%), with a required achievement rate between 90% and 110%, the target being 100% ^{(4) (5)} Internal CSR condition related to gender diversity (weighting of 10%) with an achievement rate between -1 pt and +2 pt, the target being 100% ⁽⁵⁾ External condition on net earnings per share (weighting of 30%), according to the assessment methods described in the introductory section |
| Achievement rate of performance conditions | Plan being vested. Internal condition Group income (after tax): 0% External condition earning per share: not known at the time of filing of the present Universal Registration Document. | Plan being vested |
| Number of shares vested at December 31, 2020 | 0 | 0 |
| Accumulated number of shares canceled or forfeited as of December 31, 2020 ⁽¹⁾ | 64,636 | 73,320 |
| Performance shares outstanding at December 31, 2020 ⁽¹⁾ | 353,636 | 808,610 |

(1) Plan based on the target threshold.

(2) The Board of Directors of July 19, 2018, based on the authorization given by the General Meeting of May 29, 2018, decided to grant a complementary plan (plan No. 10b) to four beneficiaries (who are not corporate officers of the Company) in relation to a geographical zone of the Group, for a maximum number of shares of 12,830 and subject to specific performance conditions in relation with the said geographical zone. The other characteristics of this complementary plan and the acquisition date are the same as the ones of plan No. 10.

(3) The Board of Directors' meeting of October 9, 2019, based on the authorization given by the General Meeting of May 28, 2019, decided to grant a complementary plan (plan No. 11b) to six beneficiaries (who are not corporate officers of the Company) in relation to a geographical zone of the Group, for a maximum number of shares of 33,240 and subject to specific performance conditions in relation with the said geographical zone. The other characteristics of this complementary plan and the acquisition date are the same as the ones of plan No. 11.

(4) The plan provides for an adjustment in the event that (i) the Group's sales for the most recent fiscal year ended of the reference period (2020 for plan No. 10 and 2021 for plan No. 11) are lower or higher (in value) at +/-5% than the sales forecast for the fiscal year in question in the strategic plan approved by the Board of Directors and (ii) this variation is due to external factors such as changes in global vehicle production volumes or exchange rates. In such a case, the level of the internal Group net income criterion (after tax) target to be achieved under the plan for the most recent fiscal year ended of the reference period would remain unchanged, but the difference between the performance threshold and the maximum target would be doubled.

(5) Given the impact of the Covid-19 sanitary crisis and the consequences on the economic activity and on the Group, the internal condition numerical targets became unreachable. In this context and on recommendation of the Compensation Committee, the Board of Directors decided, at its meeting held on October 22, 2020, without modifying the performance criteria and their respective weighing to make an adjustment to the internal condition numerical targets of plan No. 11 to reflect the new economic and market data on numerical targets while keeping the same achievement curve (cf Chapter 3 "Corporate Governance" Section 3.3.1.2.2.3 "Performance shares" of the Universal Registration Document.)

5 Capital stock and shareholding structure

Capital stock

| Information on performance shares grant | Plan No. 12 of October 22, 2020 |
|---|--|
| GM date | June 26, 2020 |
| Board of Directors date | October 22, 2020 |
| Number of shares allocated during the relevant fiscal year by threshold, of which: | Min: 531,220 Target: 1,064,670 Max: 1,384,630 |
| Corporate officers | |
| ■ Michel de ROSEN | 0 |
| ■ Patrick KOLLER | Min: 23,510 Target: 47,030 Max: 61,140 |
| Number of beneficiaries | 282 |
| Acquisition date | October 22, 2024 |
| Availability date | October 22, 2024 |
| Performance conditions | Internal condition on Group net income (after tax) (weighting of 60%), with a required achievement rate between 90% and 110%, the target being 100% ⁽²⁾ Internal CSR condition related to diversity (weighting of 10%) with an achievement rate between -1 pt and +2 pt, the target being 100% External condition on net earnings per share (weighting of 30%), according to the assessment methods described in the introductory section |
| Achievement rate of performance conditions | Plan being vested |
| Number of shares vested at December 31, 2020 | 0 |
| Accumulated number of shares canceled or forfeited as of December 31, 2020 ⁽¹⁾ | 19,640 |
| Performance shares outstanding at December 31, 2020 ⁽¹⁾ | 1,045,030 |

(1) Plan based on the target threshold.

(2) The plan provides for an adjustment in the event of (i) the Group's sales at December 31, 2022 would be lower or higher (in value) than +/-5% of the forecasted sales for the relevant fiscal year in the strategic plan decided by the Board of Directors and (ii) this variation would be resulting from exogenous factors such as the change in production volumes of vehicles on a global level or exchange rates. In such a case, and in the context of the plan of the fiscal year ended in December 31, 2022, the level of the internal condition on Group net income (after tax) target to achieve would remain unchanged, but the difference between the performance threshold and the maximum target would be doubled.

All shares allocated free of charge being acquired as of December 31, 2020 (3,335,417 shares) represent 2.42% of the Company's capital stock at this date ⁽¹⁾.

(1) This amount corresponds to the number of shares for plan No. 9 calculated on the basis of performance achieved and to the maximum number of shares granted under plans No. 10, No. 10b, No. 11, No. 11b and No. 12.

5.2.3. Change in capital stock over 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 | | | |
| 01/2016 Capital increase resulting from the creation of 690,123 shares in response to requests for the conversion of OCEANE bonds maturing on January 1, 2018 | 4,830,861 | 8,349,171 | 965,180,307 | 1,078,120,756 | 137,882,901 |
| 07/2016 Capital 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 |

5.2.4. Employee share ownership

As of December 31, 2020, Faurecia's employee share ownership structure as of within the meaning of Article L. 225-102 of the French Code of commerce, represents 819,875 shares, i.e. 0.59% of the share capital.

In addition, as announced on Capital Markets Day held on February 22, 2021, the Group will launch a non-dilutive employee share ownership plan following the distribution of Faurecia shares held by Stellantis. This employee share

ownership plan, known as "Faur'ESO" (*Faurecia Employee Share Ownership*), is designed to strengthen existing ties with Group employees and to involve them closely in the Group's future development and performance.

This operation, which will involve a maximum of 2% of the Company's share capital, will be deployed in 15 countries and will involve 90% of the Group's employees. It should be completed by the end of July 2021.

5.3. Transactions carried out by the Company in its own shares

The General Meeting of May 26, 2019, authorized the implementation of a share buy-back program, superseding that authorized by Resolution No. 16 of the General Meeting of May 28, 2019.

LIQUIDITY CONTRACT

Description of the contract

Since April 27, 2009, Faurecia has been implementing a liquidity contract that complies with the AMAFI Charter.

The current liquidity contract was signed on November 18, 2019 between Faurecia and Rothschild Martin Maurel. This contract, which complies with the AMF decision No. 2018-01 of July 2, 2018 covering the implementation of liquidity contracts on equity securities in respect of accepted market practices, replaced the previous contract of November 20, 2015, as amended on May 24, 2018.

The liquidity contract was signed for 12 months, from November 18, 2019 and is thereafter renewed by tacit renewal for successive 12-month periods. The amount of €10,837,505.31 was recorded as credit in the liquidity account on November 15, 2019.

The liquidity contract covers Company shares, and the trading platform on which the transactions are carried out is the Euronext regulated market in Paris.

The contract stipulates that its execution shall be suspended under the conditions set out in Article 5 of the AMF decision No. 2018-01 of July 2, 2018 indicated above, i.e., (i) while the stabilization measures are being carried out under the meaning of (EU) Regulation No. 596/2014 of the European Parliament and Council of April 16, 2014 on market abuse, with the suspension of the liquidity contract taking place from the admission to trading of the securities concerned by the stabilization measures up to the publication of the information indicated in Article 6 Paragraph 3 of the Delegated (EU) Regulation No. 2016/1052 and (ii) during a public offering period or pre-offering period and until the offer is closed, when the issuer initiates the public offering or when the issuer's securities are targeted by the offering.

The contract may also be suspended on the Company's request for technical reasons, such as the counting of shares with voting rights before General Meetings or the counting of shares giving rights to dividends before the ex-dividend date and for a period that it shall specify.

The contract may be terminated at any time by the Company, without notice and with notice of one month for the investment services provider.

Implementation in 2020

In 2020, under the liquidity contract, 1,919,251 shares were purchased, i.e. 1.4% of the Company's capital stock, for a total of €73,944,721 while 1,938,251 shares were sold for a total of €74,853,156. In 2020, the capital loss made through the liquidity contract amounted to €6,106. Management fees for the liquidity contract came to €150,000 in 2020. As of December 31, 2020, assets in the liquidity account under the liquidity contract comprised 0 securities and €10,879,329 in cash.

SHARES ACQUIRED BY THE COMPANY (EXCLUDING THE LIQUIDITY CONTRACT)

During the 2020 fiscal year, the Company did not buy back any shares (outside of the liquidity contract).

USE OF TREASURY SHARES DURING THE FISCAL YEAR

During the 2020 fiscal year, the Company used 631,721 treasury shares for the purpose of delivering performance shares to the beneficiaries of plan No. 8.

NUMBER OF TREASURY SHARES HELD AT DECEMBER 31, 2020

As at December 31, 2020, the Company held 499,273 treasury shares (none under the liquidity contract), i.e. 0.36% of the Company's capital stock on that same date. Please note that these treasury shares are allocated to the objective of covering performance share plans.

DESCRIPTION OF THE BUY-BACK PROGRAM

The program description presented below will not be subject to a specific publication, in accordance with the provisions of Article 241-3 of the *Autorité des Marchés Financiers* (AMF) General Regulation.

The General Meeting of May 31, 2021 will be asked to authorize the Board of Directors to once again trade in the shares of the Company under the conditions described below. It is stipulated that, throughout the period of a public offer, repurchases may only be carried out provided that they:

- Enable the Company to comply with commitments it entered into prior to the opening of the offer period;
- Are carried out as a part of the continuation of a share buyback programme already underway;
- Are not likely to cause the offer to fail;
- Are in line with one of the first two objectives below.

This new authorization cancels the authorization granted to the Board of Directors by the General Meeting of June 26, 2020 to trade in Company shares (Resolution No. 17.).

Program objectives

Acquisitions are authorized in order to:

- hedge stock option plans and/or free share allocation plans (or similar plans) to the benefit of Group employees and/or corporate officers, 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;
- cover the Company's commitments under financial contracts or cash-settled options granted to Group employees and/or corporate officers;
- hedge securities giving access to the allocation of Company shares;
- retain the shares purchased and use these shares for exchange or payment at a later stage, as part of any possible external growth transactions;
- cancel shares;
- support the secondary market or the liquidity of Faurecia shares, through an investment service provider under a liquidity contract in accordance with the practices permitted by the *Autorité des Marchés Financiers* (AMF).

This program is also designed to allow the implementation of all market practices that may be permitted by the market authorities, and more generally, the completion of all other transactions in accordance with legislation or regulations that are or may become applicable. In such an event, the Company shall inform its shareholders through a press release.

Maximum number of shares to be acquired

The maximum number of shares that may be purchased may not at any time exceed 10% of the total number of shares comprising the capital stock (for information purposes 13,803,580 shares as of December 31, 2020), it being specified that (i) this cap applies to an amount of the Company's capital stock that may, if applicable, be adjusted to take into account the transactions affecting the capital stock after this Meeting and (ii) in accordance with the applicable provisions, when the shares are purchased for liquidity purposes, the

number of shares taken into account to calculate the aforementioned cap of 10% corresponds to the number of shares purchased less the number of shares resold during the duration of the authorization. The acquisitions made by the Company may not, under any circumstances, lead it to hold, directly or indirectly through subsidiaries, over 10% of its capital stock. Moreover, the number of shares acquired by the Company for the purpose of retaining and using them for exchange or payment at a later stage, as part of any possible external growth transactions, may not exceed 5% of its capital stock.

The shares may, in all or part, depending on the case, be acquired, sold, exchanged or transferred, in one or several installments, by all means, on all markets, including on multilateral trading facilities or through a systematic internalizer, or over the counter, including through the acquisition or disposal of blocks of shares (without limiting the part of the buy-back program that may be completed through this means), in all cases, either directly or indirectly, notably through an investment service provider. These means include the use of optional mechanisms or derivatives subject to the applicable regulations.

Maximum price per share and maximum amount allocated to the program

The maximum purchase price is set at €110 per share (excluding acquisition costs). In the event of a capital increase through the capitalization of premiums, reserves or profits by allocations of free shares as well as in the event of a division of shares, reverse stock split or any other transaction affecting the capital stock, the aforementioned price will be adjusted by a multiplication coefficient equal to the ratio of the number of Company shares prior to the transaction and the number of shares after the transaction. On this basis, and for information only, based on the capital stock at December 31, 2020 comprising 138,035,801 shares, and without taking into account the shares already held by the Company, the theoretical maximum purchase amount for the program (excluding acquisition costs) would amount to €1,518,393,800.

Program term

18 months from the General Meeting of May 31, 2021.

It is reminded, where necessary, that the breakdown by objective for the equity securities held at December 31, 2020 is indicated above.

5.4. Share price

Faurecia's share (EO: FP) is listed on compartment A of the Euronext Paris market, and belongs to the MSCI France index (since November 30, 2017).

At the end of 2020, it was valued at €41.91 (December 31, 2020 closing quotation), compared with €48.03 at the 2019 closing (December 31, 2019 closing quotation).

It therefore fell by 12.74% over the past year, mainly penalized by the impact of the economic crisis related to Covid-19 on the automotive industry (the global automotive market has declined by 18% compared to 2019), but also by the perspective of the distribution of PSA/stellantis' stake in Faurecia on the occasion of the merger project between PSA and FCA.

This annual decline compares to the performance of generalist indices such as the CAC 40 (-7.14%) or the SBF 120 (-6.57%) but also the Stoxx600 Auto & Parts (+3.71%) or to that of other French equipment manufacturers (Plastic Omnium +13.33% and Valeo +2.77%) or foreign ones (Continental +5.20%, or Tenneco - 19.16%).

The average price of Faurecia's share over 2020 was €36.92. The price peaked at €48.54 on January 8, 2020, and hit its lowest point of the year, €22.50, on March 18, 2020.

The average number of monthly trades was 11.056 million shares, representing € 405.90 million.

5.4.1. Share price and trading volume (source: Euronext)

| 2020 share price and trading volume | Price (in €) | | | Trading volume | | |
|-------------------------------------|--------------|---------|-------|----------------|------------|-------------------------|
| | High | Average | Low | Close | Equities | Capital (in € millions) |
| January | 49.49 | 45.40 | 41.57 | 43.17 | 8,880,856 | 403,230 |
| February | 46.86 | 43.51 | 38.00 | 40.88 | 14,266,322 | 620,718 |
| March | 42.17 | 31.13 | 20.58 | 27.30 | 17,502,674 | 544,905 |
| April | 35.59 | 29.44 | 24.05 | 33.06 | 6,893,527 | 202,963 |
| May | 39.21 | 33.24 | 27.87 | 34.66 | 7,838,159 | 260,536 |
| June | 39.39 | 34.78 | 30.93 | 34.77 | 12,220,154 | 424,965 |
| July | 38.66 | 35.04 | 32.78 | 32.89 | 11,301,432 | 395,985 |
| August | 37.89 | 35.48 | 32.15 | 36.51 | 7,146,379 | 253,574 |
| September | 43.40 | 38.18 | 33.77 | 36.92 | 14,621,225 | 558,293 |
| October | 40.50 | 36.58 | 31.05 | 32.54 | 11,141,694 | 407,548 |
| November | 43.01 | 36.80 | 31.26 | 41.70 | 14,149,704 | 520,714 |
| December | 42.74 | 41.35 | 39.07 | 41.91 | 6,708,776 | 277,380 |

| 2019 share price and trading volume | Price (in €) | | | Trading volume | | |
|-------------------------------------|--------------|---------|-------|----------------|------------|-------------------------|
| | High | Average | Low | Close | Equities | Capital (in € millions) |
| January | 40.09 | 35.73 | 30.12 | 38.16 | 14,895,324 | 532,219 |
| February | 42.83 | 39.10 | 34.10 | 41.94 | 12,635,934 | 494,118 |
| March | 44.87 | 40.08 | 36.32 | 37.48 | 12,384,011 | 496,374 |
| April | 49.43 | 44.93 | 38.20 | 45.28 | 11,884,622 | 534,002 |
| May | 46.41 | 38.36 | 32.33 | 33.07 | 14,139,217 | 542,371 |
| June | 40.95 | 36.90 | 32.19 | 40.81 | 11,031,763 | 407,020 |
| July | 47.80 | 40.81 | 35.47 | 43.00 | 15,101,174 | 616,226 |
| August | 43.38 | 37.99 | 34.90 | 39.75 | 11,601,803 | 440,698 |
| September | 47.91 | 44.21 | 38.96 | 43.52 | 11,188,056 | 494,621 |
| October | 46.72 | 42.91 | 38.71 | 41.78 | 14,055,104 | 603,073 |
| November | 50.70 | 47.60 | 41.73 | 48.14 | 11,696,360 | 556,777 |
| December | 53.02 | 48.51 | 45.83 | 48.03 | 9,000,134 | 436,627 |

5.4.2. Stock market data

| | 31/12/2020 | 31/12/2019 |
|--|-------------|-------------|
| Stock market capitalization at end of period (in € millions) | 5,785.1 | 6,629.9 |
| Share price (in €): | | |
| ■ High | 49.49 | 53.02 |
| ■ Low | 20.58 | 30.12 |
| Share price at end of period (in €) | 41.91 | 48.03 |
| Shareholders' equity per share (in €) | 24.60 | 29.96 |
| Number of shares in circulation | 138,035,801 | 138,035,801 |

5.4.3. Dividends

| Fiscal year | Gross dividend per share (in €) ⁽¹⁾ | Total (in €) |
|---------------------|--|-------------------------------|
| 2017 | 1.10 | 151,839,381.10 ⁽²⁾ |
| 2018 | 1.25 | 172,544,751.25 ⁽²⁾ |
| 2019 ⁽³⁾ | - | - |

(1) Dividend fully eligible for the 40% tax allowance for private individuals resident for tax purposes in France as provided by Article 158, 3^{2°} of the French General Tax Code.

(2) Figure including the amount of the dividend corresponding to treasury shares held by the Company not paid and allocated to the retained earnings account.

(3) Exceptionally, due to the global crisis caused by the Covid-19 pandemic, no dividend was paid in respect of the 2019 results.

The Board of Directors will propose at the next General Meeting to be held on May 31, 2021 the payment of a dividend of €1 per share.

The decision to return to paying a dividend in 2021 reflects Faurecia's confidence in profitable growth and cash

generation prospects, as they were detailed during the Capital Markets Day held on February 22, 2021.

It also reflects Faurecia's strategy to resume a sustainable and progressive dividend path, consistent with historical practices, and offer a fair and attractive remuneration to shareholders.

5.4.4. Dividend payment policy

Shareholder compensation is set in accordance with the Group's net cash allocation strategy. This strategy, first presented at Capital Markets Day in November 2019 and confirmed at Capital Markets Day in February 2021, consists of allocating:

- approximately 60% of the net cash generated each year (net cash flow) to the Group's debt reduction as well as to potential non-transformative acquisitions/acquisitions of medium-size companies (bolt-ons);
- approximately 40% to the distribution of dividends and share buybacks, exercised in particular within the framework of performance share allocation program, in order to avoid any dilution of these programs.

Exceptionally, due to the global crisis caused by the Covid-19 pandemic, the Board of Directors decided, on May 14, 2020, to propose to the shareholders not to distribute a dividend in respect of the 2019 results, thus favoring the Group's social responsibility and liquidity over distribution. This decision was approved by the shareholders at the Annual General Meeting on June 26, 2020.

Dividends distribution resumes in 2021 as indicated in Section 5.4.3 "Dividends" above.

5 Capital stock and shareholding structure

Share price

5.4.5. Per share figures

| (in €) | 31/12/2020 | 31/12/2019 |
|--|------------|------------|
| Non-diluted earnings (loss) per share – Attributable to equity holders of the parent | (2,75) | 4.31 |
| Cash flow per share from operating activities | 8.01 | 12.92 |

The method used to calculate the weighted average number of shares before dilution to determine per share data is detailed in Note 9 to Section 1.3.5 "Notes to the consolidated financial statements".

5.4.6. 2021 financial calendar

| | | |
|-------------------|---------------|--|
| February 22, 2021 | Before market | 2020 annual results announcement |
| April 19, 2021 | Before market | First-quarter 2021 sales announcement |
| May 31, 2021 | 2:00 p.m. | General Meeting of shareholders |
| July 26, 2021 | Before market | First-half 2021 interim results announcement |
| October 26, 2021 | Before market | Third-quarter 2021 sales announcement |

5.5. Relationship with the financial community

Faurecia's management has made it a priority to establish a relationship of trust with financial market players as well as promoting information exchanges and meetings.

The Group therefore encourages constructive dialog, both on its financial results and on its strategy and news, through accurate, complete, regular and transparent financial reporting, in accordance with current regulations and as close as possible to financial communication best practices.

Approach

The Faurecia group provides investors with a large number of documents covering its business, strategy and all the financial information that it is required to disclose under stock market regulations. They include the Company's registration documents and Universal Registration Documents, interim financial reports, documents distributed as regulated information, as well as the Company's bylaws and the Board of Directors' internal rules, and are available online at www.faurecia.com, in French and English. Financial information is regularly supplemented by the publication of press releases announcing important events relating to the Group's operations and activities. All of these press releases are available in the "Newsroom" area of the website.

At the end of each quarter, the Group organizes a communication on its performance for the previous quarter or half year:

- in April and October of each year, the Group publishes changes to its quarterly sales by business and by region. In addition to a press release, a telephone meeting is also held for this communication, to which analysts and investors are invited;
- in February and July, the Group publishes all of its annual and half-yearly results. In addition to a press release, a meeting is then held (physical meeting or videoconference) to which analysts and investors are invited.

Throughout the year, Faurecia promotes meetings between its Executive Management and financial market players at conferences and meetings (financial roadshows) in France and worldwide, in the form of individual or group meetings.

Finally, each year, the Group organizes investor days ("Capital Markets Days") to present the medium-term strategic vision, with some of these days dedicated to specific topics.

In addition, in order to develop its relationship with individual shareholders:

- a toll-free number has been set up, which is available in France only (0805 651 206). This number allows individual shareholders to obtain information or answers to any questions they may have about the life of the Group, or about how to become a shareholder (all their requests can also be sent to the following address: actionnaires@faurecia.com);
- a digital "Letter to shareholders" is published twice a year on the Group's website;
- meetings with individual shareholders are organized in the various French regions.

The quantified elements

In 2020, in addition to meetings to present annual and half-yearly results and conference calls for Q1 and Q3 sales reporting, Faurecia met with more than 200 investors and financial analysts during conferences, meetings and individual appointments. In view of the Covid-19 health crisis, all the meetings organized between March and December 2020 were held by conference call.

However, on an exceptional basis and due to the health crisis, meetings with individual shareholders outside Paris had to be canceled.

On February 22, 2021, Faurecia organized a new Capital Markets Day for investors, held in the wake of the presentation of its 2020 annual results. During this event, the Group presented its medium-term outlook (2022 and 2025) as well as the various drivers for each business that support this outlook. The Group also presented its sustainable development strategy.

6

Other information

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6.1. Legal information

COMPANY NAME AND HEADQUARTERS

Company name: Faurecia
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
Website: www.faurecia.com

The information provided on the website is not part of the Universal Registration Document, unless it is incorporated by reference into it.

LEGAL FORM

On December 26, 2018, Faurecia became a European Company with shares admitted to trading on Euronext Paris. The Company is governed by the provisions of Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the Statute for a European Company, by the French Code of commerce and by its implementing provisions. Faurecia refers to the corporate governance regime provided for in the AFEP-MEDEF Code.

Faurecia abides by the legal and regulatory provisions that apply to the governing bodies of listed companies and reports in this Universal Registration Document on the application of the recommendations made in relation to AFEP-MEDEF Code.

STATUTORY AUDITORS

The Company's financial statements are audited by two Statutory Auditors appointed in accordance with Articles L. 225-228 and L. 22-10-66 of the French 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.

Its APE (business identifier code) is: 7010Z.

Its NACE code is: 7010.

CONSULTATION OF CORPORATE DOCUMENTS

During the period of validity of this Universal Registration Document, the following documents (or copies thereof) may be consulted, if required:

- a. the issuer's articles of incorporation and bylaws;
- b. all reports, letters and other documents, assessments and statements prepared by any expert at the Company's request, any part of which is included or referred to in the Universal Registration Document.

In addition, the following documents and information may also be consulted:

- a. the Universal Registration Documents and Registration Documents (including the annual financial reports) and interim financial reports filed with the *Autorité des Marchés Financiers* (AMF) for each of the past 10 years;
- b. the Group's annual and biannual presentations of the results and outlook, as well as the quarterly financial information.

The documents indicated above may be consulted at the addresses indicated below.

For information purpose, the list of regulated information issued in the last 12 months is available on the Company's website, Section "Investors".

CONTACT DETAILS

Faurecia's Legal department 23-27, avenue des Champs-Pierreux, 92000 Nanterre and on the Company's website at www.faurecia.com.

CORPORATE PURPOSE

Under Article 3 of the bylaws, the Company's corporate purpose is:

- to create, acquire, run, directly or indirectly manage, by acquisition of holdings, by rental or by any other means, in Europe and internationally, all forms of industrial companies, trading companies and tertiary sector companies;
- to research, obtain, acquire and use patents, licenses, processes and trademarks;
- to rent all types of real estate, bare or constructed;
- to provide administrative, financial and technical assistance to subsidiaries and affiliates;
- to run plants and establishments which it owns or may acquire in the future;
- to manufacture, use and/or sell, regardless of form, its own products or those of affiliated enterprises;
- to manufacture and commercialize, by direct or indirect means, all products, accessories or equipment, regardless of their nature, intended for industrial use, and in particular 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 directly and indirectly financial, accounting, management, administrative and other services to Group companies.

The list of consolidated companies as at December 31, 2020 is available in Chapter 1, "Financial and accounting information", Section 1.3. "Consolidated financial statements for the fiscal year ending December 31, 2020". An organization chart of Faurecia group companies available in Section 6.2. "Organizational structure as of December 31, 2020" of this Universal Registration Document sets out this information in a practical way.

FISCAL YEAR

The Company's fiscal year covers the 12-month period from January 1 to December 31.

DISTRIBUTION OF PROFITS

Income available for distribution corresponds to net income for the year, less any losses carried forward from prior years and any amounts appropriated to reserves in compliance with the law or the bylaws, plus any retained earnings.

Out of this income, the General Meeting determines the portion attributed to shareholders in the form of dividends and deducts the amounts it considers appropriate to allocate to any reserve funds or to carry forward.

Except in the case of a capital reduction, no distributions may be made to shareholders if the Company's shareholders' equity represents – or would represent after the planned distribution – less than its capital stock plus any reserves which, according to the law or the bylaws, are not available for distribution.

The General Meeting may also decide to distribute amounts deducted from optional reserves in order to pay or increase a dividend or pay a special dividend.

The Company's bylaws provide that the Ordinary General Meeting approving the financial statements for the year may also decide to offer each shareholder, for all or part of the dividend to be paid or interim dividend, the option between the payment of the dividend or the interim dividend in cash or in shares.

DIVIDENDS – STATUTE OF LIMITATIONS

Dividends 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, 92130 Issy-les-Moulineaux, France.

FAURECIA STOCK MARKET DATA

Faurecia's share (EO.PA) is listed on compartment A of the Euronext Paris market (ISIN code FR0000121147). It belongs to the MSCI France index.

The LEI code is: 969500F0VMZLK2IULV85.

GENERAL MEETING OF SHAREHOLDERS

The rules governing the participation of shareholders in General Meetings are described in Articles 24 and 25 of the Company's bylaws and are available on the governance page of the Company's website (www.faurecia.com).

General Meetings are held at the Company's registered office or at any other venue specified in the notice of meeting.

Holders of registered shares are 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 the Group's financial events, including the date of the General Meetings, is available on Faurecia's website at www.faurecia.com.

The right to participate in General Meetings shall be substantiated in accordance with the current statutory provisions.

The rights of shareholders, which may only be amended in accordance with the conditions laid down by applicable laws and regulations, are not affected by any other provision of the bylaws.

VOTING RIGHTS

Voting rights at Ordinary, Extraordinary and Special General Meetings are exercisable by the beneficial owner of the shares.

The bylaws (Article 24) assign double voting rights to all fully paid-up shares that have been registered in the name of the same holder for at least two (2) years. In the case of a bonus share issue paid up by capitalizing retained earnings, income or additional paid-in capital, the bonus shares allotted in respect of registered shares carrying double voting rights will also carry double voting rights as from the date of issue. This double voting right may be 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 in the cases provided for by law.

EXISTENCE OF AN 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 agreements to date whose implementation could, at a later date, result in a change of control. There are currently no provisions in any Company deeds, bylaws, charters, regulations or provisions in place that could delay, postpone or prevent such a change in control.

It should be highlighted that in the context of the merger between PSA and FCA, these companies have agreed on a

list of commitments to ensure that Stellantis does not acquire control of the Company, since the distribution of the shareholding in Faurecia by Stellantis was postponed after the completion of the PSA/FCA merger, which was not the parties' intention.

These measures comprise two types of undertakings : undertakings applicable (i) before the completion of the merger between PSA and FCA and (ii) between the completion of the above-mentioned merger, effective on January 16, 2021 and the completion of the distribution of the Company's shares by Stellantis.

The undertakings applicable before the completion of the merger between PSA and FCA are the followings:

- Sale by PSA, before the completion of the merger, approximatively 7% of the share capital of the Company (9 663 000 shares). This sale was achieved on March 29, 2020 (with Stellantis holding remaining capital stock (post-merger) of less than 40% of the share capital);
- PSA undertook to ask the three Faurecia Board members appointed on its proposal to resign (Grégoire Olivier, Olivia Larmarand and Philippe de Rovira): their resignations took place on January 12, 2021, effective immediately;
- PSA undertook, prior to completion of the merger, to convert all its stake in Faurecia into bearer shares, resulting in the loss of its double voting-rights: the conversion was effective on January 12, 2021 (followed by a remittance in the registered form on the same day). This conversion also automatically resulted in a reduction of the total amount of double-voting rights existing within the Company. After this operation, the total amount of the Company's double-voting rights became lower than 2% of total voting rights. This proportion remains unchanged at the date of this Universal Registration Document and should, considering the new shareholding, remain constant at a medium term.

The undertakings applicable since the completion of the merger between PSA and FCA and the completion of the distribution are the followings :

- not to call for a Faurecia General Meeting;
- not to propose the appointment of members of the Board of Directors of Faurecia;
- in the event of a Faurecia General Meeting, to exercise the voting rights attached to its shares:
 - in a neutral manner with regard to the voting rights attached to shares representing up to 30% of Faurecia's voting rights, i.e. 50% in favor and 50% against in the case of ordinary resolutions and 2/3 in favor and 1/3 against in the case of extraordinary resolutions;
 - by abstaining from using voting rights attached to shares exceeding the threshold of 30% of Faurecia's voting rights.

It should be highlighted that if no distribution takes place, the Stellantis undertakings will terminate on the date on which (i) a Stellantis General Meeting has been called to vote on the distribution of Faurecia shares and has not approved such distribution and (ii) Stellantis' stake in Faurecia is strictly less than 30% of Faurecia's share capital and voting rights. These undertakings are set out in the decision of the *Autorité des Marchés Financiers* (AMF) on the exemption from the obligation to file a public tender offer for Faurecia's shares dated November 25, 2020 (decision No. 220C5146).

For information purposes, following the completion of the merger between PSA and FCA on January 16, 2021, Stellantis (the combined company resulting from the merger) held the shareholding that PSA held in the Corporation prior to the merger. Stellantis thus became the Company's largest shareholder. This situation is expected to change since, in accordance with the agreements between PSA and FCA, it is expected that the shareholding in Faurecia will be distributed to all Stellantis shareholders following the approval of this distribution by the Stellantis General Meeting convened for this purpose on March 8, 2021. The completion of this transaction will have an impact on the Company's shareholder base.

After completion of the distribution, there will no longer be a "linked parties relationships" between Stellantis group and Faurecia group, since the relationship between both groups will turn into a mere client/supplier relationship ⁽¹⁾.

CONTROL

As of the date of publication of this Universal Registration Document, the Company is not controlled within the meaning of applicable regulations. PSA and FCA have in fact agreed on a list of commitments to ensure that Stellantis does not acquire control of the Company due to the postponement of the distribution of this shareholding after the completion of the merger, as this was not the parties' intention. These measures are described above under "Existence of an agreement that, if implemented, could change the control of the Company or that could delay, postpone, defer or prevent a change in control".

FACTORS LIKELY TO HAVE AN IMPACT ON A PUBLIC TAKEOVER BID OR EXCHANGE OFFER

Company's capital structure

The capital structure is presented in Chapter 5 "Capital stock and shareholding structure", Section 5.1.1. "Changes in capital stock".

Direct or indirect investments in the Company's capital stock referred to in Articles L. 233-7 and L. 233-12 of the French Code of commerce that the Company has knowledge of

The direct or indirect investments in the Company's capital stock referred to in Articles L. 233-7 and L. 233-12 of the French Code of commerce that the Company has knowledge of are presented in Chapter 5 "Capital stock and shareholding structure", Section 5.1.2. "Crossing of legal thresholds".

Owners of any stock with special rights of control

Article 24 of the bylaws stipulates that double voting rights are allocated to all shares that have been registered in the name of the same holder for at least two years. Subject to this reserve, there are no securities which carry the special control rights referred to in Article L. 22-10-11, 4° of the French Code of commerce.

Statutory restrictions on the exercise of voting rights

In accordance with article 30 of the bylaws and in addition to the obligations for notifying thresholds crossing provided for by law, any person or legal entity acting alone or in concert within the meaning of Article L. 233-10 of the French Code of commerce who comes to own or to cease to own a number of shares taking into account the cases of assimilation provided by the law applicable to the crossing of mandatory thresholds representing 1% or more of the share capital or voting rights or any further multiple thereof, including over and above the legal thresholds, is required to notify the Company by recorded delivery mail of the total number of shares and voting rights held no later than four (4) trading days after occurrence.

Any shareholder failing to declare ownership as required above shall be deprived of voting rights for the non-declared fraction if one or several shareholders present or represented at a shareholders' meeting, and collectively holding a share capital fraction (or voting rights) of at least 1%, make a request to this effect, logged in the minutes of the General Meeting.

Agreements between shareholders that, if the Company becomes aware of them, may give rise to restrictions on share transfer and the exercise of voting rights

In a press release dated September 17, 2020, PSA and FCA announced that EXOR, EFP/FFP, Bpifrance and Dongfeng (future main shareholders of the Company after the completion of the distribution of the Company's shares by Stellantis) had agreed to a lock-up clause for their Faurecia shares for a period of six months following the completion of the distribution of Stellantis' Faurecia shareholding to Stellantis shareholders. It is specified that (i) this clause does not apply in the event of a public offer for Faurecia shares, a merger of Faurecia or similar transactions and (ii) the shares may be transferred by the aforementioned shareholders to their respective affiliates or between the aforementioned shareholders.

(1) As part of the PSA's acquisition of Opel, PSA issued share warrants to the General Motors group. Thus Stellantis, which took over PSA's undertakings in respect of the merger with FCA, must retain approximately 0.8% of the Company's share capital in order to be able to deliver Faurecia's shares in the event that General Motors exercises its share warrants.

In addition, as stated above under "Existence of an agreement that, if implemented, could change the control of the Company or that could delay, postpone, defer or prevent a change in control", FCA/Stellantis has, inter alia, given an undertaking between January 16, 2021, the date of completion of the merger, and the date of completion of the distribution, to exercise the voting rights attached to its Faurecia shares as follows in the event of a Faurecia General Meeting:

- in a neutral manner with regard to the voting rights attached to shares representing up to 30% of Faurecia's voting rights, i.e. 50% in favor and 50% against in the case of ordinary resolutions and 2/3 in favor and 1/3 against in the case of extraordinary resolutions;
- by abstaining from using voting rights attached to shares exceeding the threshold of 30% of Faurecia's voting rights.

The Stellantis undertakings will terminate on the date on which Stellantis completes the distribution of its stake in Faurecia to its shareholders or, if no distribution takes place, on the date on which (i) a Stellantis General Meeting has been called to vote on the distribution of Faurecia shares and has not approved such distribution and (ii) Stellantis' stake in Faurecia is strictly less than 30% of Faurecia's share capital and voting rights.

Rules applicable to the appointment and replacement of members of the Board of Directors

As indicated above under "Existence of an agreement that, if implemented, could change the control of the Company or that could delay, postpone, defer or prevent a change in control" in order to prevent Stellantis from acquiring control of the Company as a result of the postponement of the distribution of this shareholding after the completion of the merger:

- PSA undertook to ask the three Faurecia Board members appointed on its proposal to resign (Grégoire Olivier, Olivia Larmaraud and Philippe de Rovira), whose resignations became effective on January 12, 2021;
- FCA/Stellantis made a commitment not to propose the appointment of members of the Faurecia Board of Directors, between January 16, 2021, the date of completion of the merger, and the date of completion of the distribution.

Powers of the Board of Directors

In accordance with the resolutions approved by the shareholders during the General Meeting of June 26, 2020, the Board of Directors cannot, without prior authorization of the General Meeting, implement the Company share buy-back program nor issue shares and/or securities giving access to capital stock with or without preferential subscription rights, with the exception of free performance share grants and the issue of shares or securities giving access to shares reserved for employees.

Agreements stipulating payments for members of the Board of Directors or employees if they resign or are dismissed without real and serious cause or if their employment is terminated due to a public takeover bid or exchange offer

There are no agreements of the type referred to in Article L. 22-10-11, 10° of the French Code of commerce in favor of members of the Board of Directors or employees. For commitments applicable to the Chief Executive Officer in the event of departure, please refer to Chapter 3 "Corporate governance", Sections 3.3.1.2.2.5. "Severance payment" to 3.3.1.2.2.7 "Notice and non-solicitation" and 3.3.4.1.3 "Compensation policy for the Chief Executive Officer".

Agreements entered into by the Company which are amended or terminated in the event of a change in control of the Company

The significant bank facility agreements (including the syndicated loan and the *Schuldscheindarlehen*), along with the bond issues of the Group, amounting to 5.29 billion of euros as of December 31, 2020, include acceleration clauses in the event of a change of control of the Company.

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 Chapter 2, "Risk factors and management", and especially risks associated with the automotive supplier business, supplier default risk and intellectual property risk.

SIGNIFICANT PROPERTY, PLANT AND EQUIPMENT

With more than 300 sites, including 39 R&D centers and 114,000 employees in 35 countries worldwide, Faurecia is a global leader in its four areas of business: Seating, Interiors, Clarion Electronics and Clean Mobility. None of its manufacturing equipment taken on an individual basis represents a significant 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 globally or systematically.

Note 12 A to Section 1.3.5 "Notes to the consolidated financial statements" provides further information.

INCORPORATION BY REFERENCE

In accordance with Article 19 of European Commission Regulation No.2017/1129, the following information is incorporated by reference in this Universal Registration Document:

- the consolidated financial statements, the financial statements, the corresponding audit reports and the comments on the consolidated financial statements and significant events by business segment and at Company level appearing respectively on pages 59 to 117, 130 to 149, 118 to 124, 150 to 152, 48 to 58 and 125 to 129 of the Universal Registration Document for the fiscal year 2019 filed with the AMF on April 30, 2020 under number D.20-0431

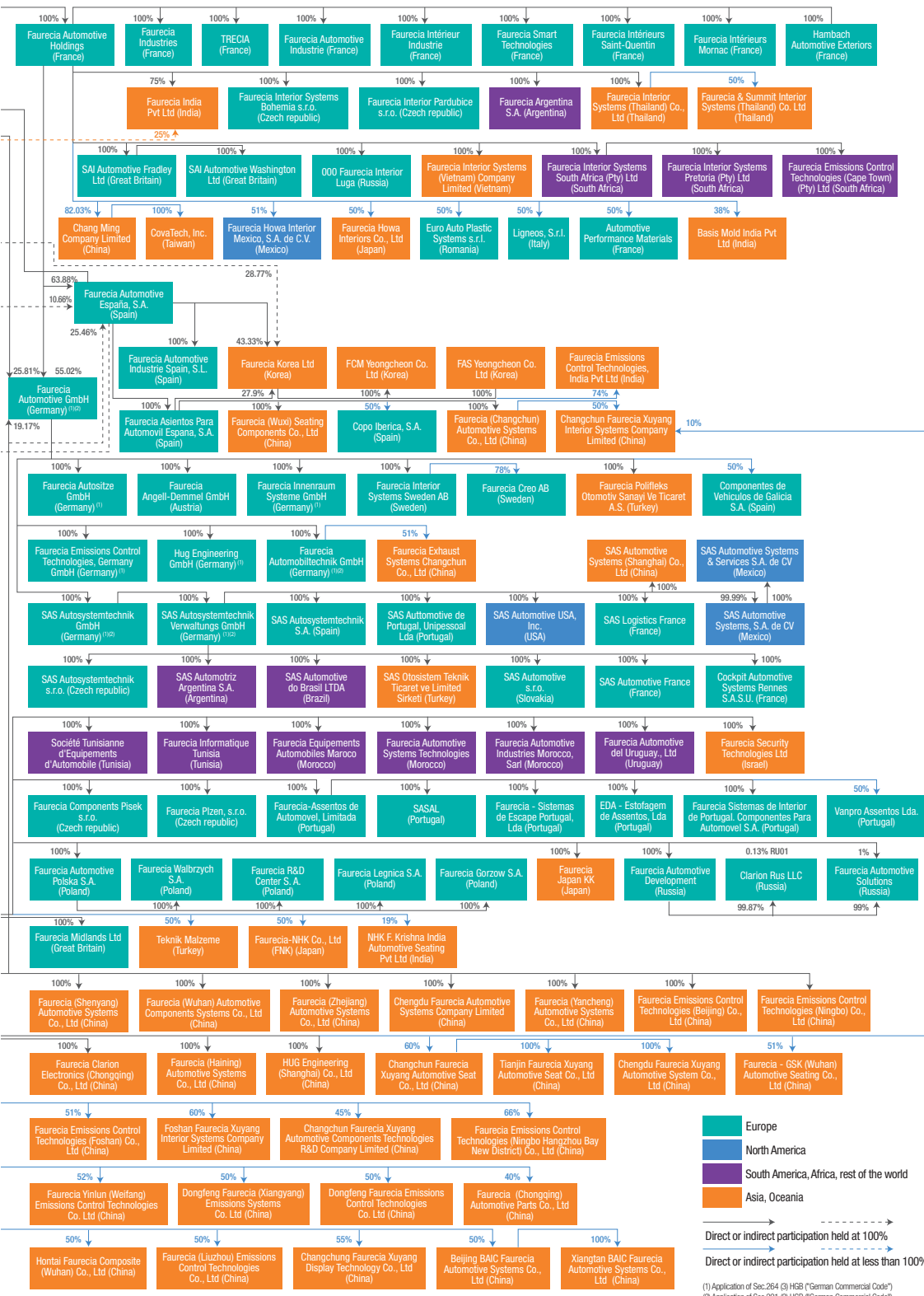
(<https://www.faurecia.com/sites/groupe/files/investisseurs/Faurecia%20-%20URD%202019%20FR.pdf>);

- 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 and at Company level, set out respectively on pages 43 to 102, 111 to 129, 103 to 106, 130 to 132, 32 to 42 and 107 to 111 of the 2018 Registration Document filed with the AMF on April 26, 2019 under number D.19.0415 (https://www.faurecia.com/sites/groupe/files/pages/DDR%202018%20VA%2013052019_0.pdf).

6.2. Organizational structure as of December 31, 2020

The organization chart on the right shows all Group companies consolidated by full consolidation and associates:





█ Europe
█ North America
█ South America, Africa, rest of the world
█ Asia, Oceania

— Direct or indirect participation held at 100%
 - - - - - Direct or indirect participation held at less than 100%

(1) Application of Sec.264 (3) HGB ("German Commercial Code")
 (2) Application of Sec.291 (2) HGB ("German Commercial Code")

6.3. Background

1891. The first automobiles, in the modern sense, are made, powered by gasoline engines. The first steel tubes follow, patented by Peugeot and manufactured primarily in Audincourt (Doubs, France).

1929. Bertrand Faure acquires the patent for the Epeda process. The patent allows the Company to perfect its seats for the automotive industry. After the Second World War, Bernard Faure's clients include Renault, Peugeot, Citroën, Talbot, Panhard-Levassor, Berliet and Simca.

1950. Bernard Deconinck, the son-in-law of Joseph Allibert who formed the Allibert company, invests in an injection molding machine from the United States to mold large plastic parts from a single clamping unit. He moves into the automotive industry.

1955. A Peugeot subsidiary starts manufacturing automotive equipment (seats, exhausts, steering columns) and expands internationally.

1972. François Sommer merges his automotive floor coverings company with Bernard Deconinck's company, Allibert. They combine their know-how in textiles and plastics to found the Sommer Allibert group.

1982. Epeda Bertrand Faure is listed on the Paris stock exchange on May 4, 1982. The Group goes on to specialize in the automotive industry (interior design). It also experiences strong international growth.

1987. Cycles Peugeot merges with Aciers & Outillages Peugeot to form Ecia (Équipements et Composants pour l'Industrie Automobile), the PSA Peugeot Citroën group's specialist automotive equipment subsidiary. Over the next ten years, Ecia undergoes concentrated industrial and geographical development.

1990. Epeda Bertrand Faure is the European leader in automotive seating trades and components following the acquisition of the Rentrop Group in Germany. It opts to focus on its expertise as an automotive supplier.

1992. Ecia sells its cycle business, then its tool business the following year and makes significant acquisitions in European companies specializing in exhaust, with Tubauto and Eli Échappement in France, 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 Spanish automotive supplier Irausa to create Ardasa. Its customers include Volkswagen, Renault, Daimler Chrysler, Opel, Honda and Mitsubishi.

1997. In December, Ecia makes a friendly takeover bid for Bertrand Faure, bringing its direct and indirect stake in the Group to 99%.

1998. While Bertrand Faure sells his luggage and aeronautics businesses, Ecia sells its motorcycle business to the PSA Peugeot Citroën group.

1999. Ecia and Bertrand Faure merge to form Faurecia on June 1. Bertrand Faure brings to Ecia a broader geographical and commercial presence, particularly in Germany, where the Company forges strong partnerships with automakers such as Volkswagen and BMW. The merged entity generates sales of more than €4 billion with a workforce of 32,000. By the end of 1999, the PSA Peugeot Citroën Group is its main shareholder with a stake of 52.6%. The Faurecia group develops its exhaust systems business in North America by acquiring the US company AP Automotive Systems.

2000-2001. Faurecia purchases Sommer Allibert. The PSA Peugeot Citroën group finances the transaction, thus increasing its shareholding in Faurecia to 71.5%. Now fully established in Germany and Spain, the Group has significant market shares in Europe in the vehicle interior sector. It therefore achieves sales of €9.6 billion.

2002-2007. Faurecia strengthens its operations in Asia. In 2002, it creates a joint venture with GSK, a Taiwanese automotive supplier, to produce seats in Wuhan, China, and in 2003 it acquires the South Korean company Chang Heung Precision, which specializes in exhaust systems. In 2005, Faurecia increases its stake in Daeki, a company specializing in exhaust systems acquired in 2002, from 49% to 100%. It signs a joint-venture agreement with the South Korean company Kwang Jin Sang Gong, dedicated to the production of door modules for Hyundai Motors and Kia Motors.

In Europe, the Group signs an agreement with Siemens-VDO, which strengthens and expands their joint venture (SAS): this company assembles cockpits for BMW, Daimler Chrysler, the Ford group, Renault-Nissan and the Volkswagen group.

2009. Faurecia acquires Emcon Technologies (formerly Arvin Industries), and becomes the world leader in exhaust systems. Faurecia boosts both its position with German and American automakers (notably Ford), and its operations in South America, India and Thailand. Faurecia also ventures into the specialized commercial vehicles market (trucks and off-road). Following this all-equity acquisition, One Equity Partners (JP Morgan Chase & Co.'s private equity arm), holds a 17.3% stake in Faurecia and PSA Peugeot Citroën's interest is reduced to 57.4%.

Faurecia buys out its joint-venture partner Tata to become the sole owner of Taco Faurecia Design Center. The company is renamed Faurecia Automotive Engineering India and becomes Faurecia's development center in India.

2010. Faurecia becomes European leader in external automotive parts by acquiring Plastal's German and Spanish businesses. It was able to expand internationally, setting up a joint venture in China with Huaxiang, supplier of exterior parts to FAW-Volkswagen.

A strategic alliance with the Geely and Limin groups marks a significant new development stage for Faurecia Interior Systems and Faurecia Automotive Exteriors in China.

In Europe, Faurecia Automotive Seating acquires the "seat comfort technology" business of Hoerbiger Automotive Komfortsysteme GmbH, while Faurecia Interior Systems acquires Angell-Demmel Europe GmbH, world leader in metal interior trim parts for the automotive sector.

2011. Faurecia boosts its business in China by (i) signing in January a new joint-venture agreement with Ningbo Huazhong Plastic Products Co, Ltd to manufacture external automotive part and (ii) extending in June its cooperation agreement with Changchun Xuyang group signed in 2010 whereby Faurecia took an 18.75% stake in the company. This allows the Group to expand the range of products and services it provides in the following strategic areas: complete seats, interior systems, acoustic modules and interior linings.

2012. Faurecia acquires the interior components plant owned by Ford ACH located in Saline, Michigan (United States), and signs a joint venture agreement with Rush Group Ltd. This joint venture, Detroit Manufacturing Systems (DMS), takes over activities such as the assembly and sequencing of interior parts in a new plant in Detroit.

2013. As part of its development in Asia, Faurecia Interior Systems signs a joint venture agreement with Thai supplier Summit Auto Seats to support Ford. Faurecia also signs a joint-venture agreement with Chang'an Automobile Group, one of China's largest automakers.

Faurecia and Magneti Marelli sign a cooperation agreement for the design, development and manufacture of human-machine interface (HMI) products for vehicle interiors.

2014. Faurecia sets up a joint venture, Faurecia Howa Interiors, with Japanese automotive supplier Howa, for the Mexican production of interior systems for Renault-Nissan. The agreement signed opens up new commercial prospects for Faurecia: with Nissan in Mexico, Thailand, Spain, Brazil and in South Africa.

Faurecia sets up a joint venture with Interval, a major French farming cooperative, to develop and produce bio-sourced raw materials in order to continue Faurecia's drive to make vehicles lighter while protecting the environment.

2015. Faurecia continues to expand in China and signs a global partnership agreement with Dongfeng Hongtai (a majority-owned subsidiary of Dongfeng Motor Corporation, one of China's largest automotive groups) covering all of the Faurecia group's businesses. The first result of this partnership is the formation, in May 2015, of two joint ventures, one with a view to the development, manufacture and delivery of automotive interior components (Dongfeng Faurecia Automotive Interior Co., Ltd) and the other with a view to the development, manufacture and delivery of automotive exterior components (Dongfeng Faurecia Automotive Exteriors Co., Ltd).

Faurecia and Beijing WKW Automotive Parts Co., Ltd, one of China's leading manufacturers of automotive interior and exterior trim parts, sign a joint-venture agreement. Together, the two partners aim to unlock synergies in the area of aluminum interior trim parts for light vehicles.

2016. Faurecia and Italian company Tabu S.p.A., which is specialized in the production of flexible wood trims, sign a partnership agreement that results in the creation of the Ligneos S.r.l. joint venture. The two partners have developed a patented technology aimed at extending automotive wood trim applications to a wider range of surfaces.

In line with the agreement signed on December 14, 2015, on July 29, Faurecia sells its Automotive Exteriors bumpers and front-end modules business to Plastic Omnium (excluding the Faurecia Smart plant in Hambach and two joint ventures in Brazil and China).

Faurecia and German premium automaker Borgward sign a partnership agreement to create a joint venture (Borgward Faurecia Auto Systems Co., Ltd) in Tianjin, China, to jointly develop and produce complete automotive seats for the new Borgward vehicles.

2017. Faurecia expands its innovation ecosystem and forges technological and industrial partnerships with:

- Parrot Automotive, a leading provider of connectivity and infotainment solutions for the automotive industry. Faurecia gradually acquires shareholdings in the company, thereby enabling it to accelerate the development of electronic solutions for the connected car;
- ZF, for the development of advanced seat-integrated safety solutions for various cockpit applications;
- Mahle, to develop innovative technologies for thermal management of the passenger compartment.

Faurecia acquires a majority interest in Chinese company Jiangxi Coagent Electronics Co. Ltd, renamed Faurecia Coagent Electronics S&T Co. Ltd, which develops integrated and innovative in-car infotainment solutions.

In November 2017, Faurecia terminates its Tier-1 US-listed ADR program launched in November 2012 on the over-the-counter (OTC) market. Each Faurecia ordinary share (listed on the NYSE Euronext Paris market) comprises two ADR shares.

2018. Faurecia continues to develop in the field of new technologies:

by entering into new partnerships with:

- Accenture, one of the world's leading consulting and technology companies, to develop connected services on board vehicles as well as new tools based on artificial intelligence to improve Faurecia's operational efficiency;
- FAW Group, one of China's leading automakers, focusing on the development of sustainable mobility solutions and technologies for the Cockpit of the Future;
- HELLA, the lighting and electronics specialist, focusing on the development of innovative interior lighting solutions;

by making acquisitions or investments, which include:

- finalizing its 100% acquisition of Parrot Faurecia Automotive;
- creating a new joint venture with Liuzhou Wuling Automotive Industry Co. Ltd (China's leading automotive parts supplier);
- investing in the French HumanFab center (formerly ESP Consulting), an innovative laboratory which uses cognitive sciences to optimize human well-being and performance in different situations;
- acquiring 100% of Swiss company Hug Engineering, one of the market leaders in complete exhaust gas purification systems for very high power engines (over 750 hp);
- investing in French start-up Enogia to enhance its technological expertise in the field of energy efficiency;
- investing in Powerspahr, a Silicon Valley-based start-up, to accelerate its solutions for a user-friendly, connected Cockpit of the Future.

On December 26, Faurecia changes its corporate form to become a European Company.

2019. Faurecia consolidates its expansion in the field of new technologies by founding a fourth business dedicated to electronics and software in the cockpit.

Faurecia acquires 100% of Japanese company Clarion Ltd, after launching a public offer and a squeeze-out on the Tokyo Stock Exchange and creating a fourth business, "Faurecia Clarion Electronics," based in Saitama, Japan, with the aim of becoming a world leader in electronics for cockpits and low-speed ADAS systems (Advanced Driving Assistance Systems). This new business combines the capabilities of Clarion, Parrot Automotive and Faurecia Coagent Electronics.

As part of the development of this fourth business, Faurecia:

- acquires all of the Chinese company Faurecia Coagent Electronics S&T Co., in which the Group already had a 51% stake since 2017;

- takes a majority interest in the Swedish company Creo Dynamics, which offers innovative acoustic and active noise control solutions which complement the audio expertise of Faurecia Clarion Electronics;

- invests in Israeli company Guardknox, a specialist in automotive cybersecurity, to enhance occupant and data security in connected vehicles and for new user experiences;

- creates a 50/50 joint venture with Portuguese company Aptoide, with one of the largest independent Android app stores, to develop and operate Android app store solutions for the global automotive market;

- enters into partnerships with Japan Display Inc. to enhance the digital user experience inside the cockpit by collaborating on the development and integration of large displays within automotive interiors, and with Microsoft to create innovative, connected and personalized services for the Cockpit of the Future.

Faurecia and Michelin create a joint venture around Symbio, which brings together all Michelin and Faurecia hydrogen fuel cell activities. Symbio is held equally by Faurecia and Michelin.

Faurecia is creating a global center of expertise dedicated to the development of hydrogen storage systems at its R&D center in Bavans, France. Faurecia aims to invest in research and development in new-generation high-pressure tanks that are more efficient and lighter, as well as in a test center to characterize these tanks.

PSA, Faurecia's main shareholder, announces its intention to merge with Fiat Chrysler Automotive N.V. and to distribute its stake in Faurecia to its shareholders as part of this transaction.

Faurecia has set itself the target of achieving carbon neutrality for its scope 1, 2 and some scope 3 activities by 2030 (with the exception of emissions from vehicles fitted with Faurecia solutions). This includes in particular the indirect footprint of Faurecia's activities, including a majority of purchasing, freight, travel, waste products, buildings and product recycling operations.

2020. Faurecia acquires:

- the remaining 50% of its SAS joint venture with Continental. This joint venture has become a major player in the assembly and logistics of complex modules for vehicle interiors. This project enables Faurecia to extend its offering of system integration to all interior modules, as well as to its new product lines such as screens, electronics, sensors and thermal comfort;
- 100% of IRYStec Inc., a Canadian start-up that developed the world's first software platform using perception and physiology to optimize the display system within the cockpit, and consequently the user experience.

As part of the merger between PSA and FCA, both companies announced that the distribution of the Faurecia shares held by PSA, provided for in the merger transaction, will take place at the end of the merger and will be carried out by Stellantis (the company resulting from the merger between PSA and FCA) to its shareholders, subject to their approval. In this context, PSA and FCA issued a list of commitments to ensure that Stellantis doesn't acquire control of the Company. For further information please refer to Section 6.1 "Legal information", under "Existence of an agreement that, if implemented, could change the control of the Company or that could delay, postpone, defer or prevent a change in control".

As part of the implementation of the Group's carbon neutrality project, Faurecia has chosen Schneider Electric as its preferred partner to support the Group in achieving internal energy neutrality by 2025 (scopes 1 and 2). Faurecia's trajectory for scopes 1 and 2 has been validated by Science Based Targets initiative according to the most demanding scenario of warming to 1.5° C, as well as the roadmap for scope 3 by 2030, which is considered ambitious and in line with current best practices.

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 2020, ERNST & YOUNG Audit received €4.7 million for its audit assignments; and MAZARS received €4.7 million for its audit assignments.

The table showing the breakdown of fees that Faurecia and its fully consolidated subsidiaries recognized in their 2020 financial statements for work assigned to the Statutory Auditors appears in Chapter 1 "Financial and accounting information", Note 33 to section 1.3.5 "Notes to the consolidated financial statements".

PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

| | Start date of first term of office | Date of expiry of term of office |
|--|------------------------------------|----------------------------------|
| STATUTORY AUDITORS | | |
| ERNST & YOUNG Audit represented by Mr. Jean-Roch Varon member of the Versailles Regional Association of Statutory Auditors Tour First TSA 14444 92037 Paris La Défense Cedex France | June 17, 1983 | OGM in 2025 |
| MAZARS Represented by Mr. David Chaudat member of the Versailles Regional Association of Statutory Auditors Tour Exaltis 61, rue Henri Regnault 92400 Courbevoie France | May 28, 2019 | OGM in 2025 |

6.5. Declaration by the person responsible for the Universal Registration Document and the information officer

Person responsible for the Universal Registration Document

Patrick Koller

Chief Executive Officer (CEO)

I hereby declare that the information contained in the Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, the financial position and the results of the Company and the consolidated companies making up the Group, and that the management report, for which the cross-reference table is shown on page 407, provides a true and fair picture of the change in 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.

Patrick Koller

Done at Nanterre, on March 10, 2021

Information officer

Michel Favre

Executive Vice President, Group Chief Financial Officer

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6.6. Cross-reference tables

Cross-reference table with Annexes 1 and 2 of Delegated Regulation (EU) No. 2019/980 of the European Commission of March 14, 2019

In order to make this Universal Registration Document easier to understand, the cross-reference table below makes it possible to identify the key items of information required by Annexes 1 and 2 of Delegated Regulation No. 2019/980 of March 14, 2019.

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| 1.2 | Statement by the persons responsible for the document | 6.5 |
| 1.3 | Expert statement | NA |
| 1.4 | Other statements if information comes from third parties | NA |
| 1.5 | Statement on the document's approval | NA |
| 2 | STATUTORY AUDITORS | 6.4 |
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| 5.2 | Principal markets | Introductory chapter |
| 5.3 | Important events | Introductory chapter ; 1.1.1 to 1.1.6 ; 1.2 ; 1.5 |
| 5.4 | Financial and non-financial strategy and objectives | Introductory chapter; 1.1.2 ; 1.1.3 ; 1.2 ; 1.6.3, Note 2; 4.1.1.1 ; 4.1.1.2 ; 4.2 (introductory paragraph) ; 4.3 (introductory paragraph) ; 4.2.8 ; 4.3.2.3 ; 4.4 (introductory paragraph) |
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For ease of reading, the cross-reference table below identifies information in this Universal Registration Document that also appears in the annual financial report that listed companies are required to publish under Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulation.

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For ease of reading, the cross-reference table below identifies information in this Universal Registration Document that makes up the management report, especially pursuant to Article L. 225.100 of the French Code of commerce.

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| Non-deductible expenses and costs | 1.5 |
| Terms of payment | 1.5 |
| Amount of intra-group loans granted by the Company and Statutory Auditors' statement | N/A |
| Company duty of care plan | 2.2.3.3 ; 4.1.4 ; 4.4.2 |
| Stock transactions by persons with managerial responsibilities | 3.5.2 |
| Board's choices regarding terms and conditions of retention by corporate officers of shares allocated free of charge and/or shares from exercised stock options | 3.3.1.2.2.3 ; 3.3.1.2.3 ; 3.3.1.4.2 ; 3.3.4.1.3 |
| Table showing the Company's results for each of the last five fiscal years | 1.6.4 |
| Notice of ownership of more than 10% of the capital of another joint stock company, disposal of cross-shareholdings | N/A |
| Calculation components and results of the adjustment of the fiscal year bases for securities and options | N/A |
| Injunctions or financial penalties handed down by the competition authority | N/A |
| Report on payments made to governments | N/A |
| Extra-Financial Performance Statement (see details below) and independent third-party verifier's opinion | Opinion in 4.5 |
| Seveso information | N/A |
| Report on corporate governance (see details below) | |

Cross-reference table on information contained in the Board of Directors' report on corporate governance

For ease of reading, the cross-reference table below identifies information in this Universal Registration Document that makes up the report on corporate governance, especially pursuant to Article L. 225-37 of the French Code of commerce.

| Information | Sections |
|--|---|
| INFORMATION ON COMPENSATION OF CORPORATE OFFICERS | |
| Compensation policy for corporate officers | 3.3 |
| Compensation and all benefits in kind paid in respect of the term of office during the fiscal year or allocated in respect of the fiscal year to each corporate officer | 3.3.1 ; 3.3.2 |
| Restitution of variable compensation | N/A |
| Commitments of all types made by the Company during the fiscal year | 3.3.1 ; 3.8.4 ; 3.3.4.1.3 |
| Compensation from a company included in the scope of consolidation | N/A |
| Equity ratio and annual change in compensation over the last five fiscal years | 3.3.1.3 |
| Compliance with the compensation policy/Difference and exemptions to the compensation policy implementation procedure | 3.3.1 |
| Consideration of the vote of the latest Ordinary General Meeting on the compensation policy | 3.3.4 |
| Suspension and reinstatement of Board members' compensation (diversity) | N/A |
| INFORMATION ON OTHER ASPECTS OF THE COMPANY'S BOARD AND MANAGEMENT BODIES PRACTICES | |
| Corporate offices and duties of the corporate officers | 3.1.2.2 |
| Agreements signed, directly or through a third party between one of the corporate officers or one of the shareholders owning a fraction of voting rights greater than 10% of a company and another company controlled by the first one under the meaning of Article L. 233-3 of the French Code of commerce, with the exception of agreements relating to day-to-day operations and signed under normal terms | N/A |
| Summary table of currently valid delegations of authority | 5.2.1 |
| Modalities of the Executive management | 3.1.2.4 |
| Members , conditions for the preparation and organization of the work of the Board of Directors | 3.1.3 |
| Balanced representation of men and women on the Board of Directors | 3.1.2.5 |
| Limitations to the powers of the Chief Executive Officer | 3.1.2.4 ; 3.1.3.3.1 |
| Reference to a Corporate Governance Code | Chapter 3 (introductory paragraph); 3.4 |
| Procedures for shareholder participation in the General Meeting | 6.1 |
| Assessment of current agreements | 3.8.2 |
| FACTORS LIKELY TO HAVE AN IMPACT ON A PUBLIC TAKEOVER BID | |
| Capital structure | 6.1 |
| Bylaw restrictions on the exercise of voting rights and on share transfers or agreement clauses brought to the attention of the Company in accordance with Article L. 233-11 of the French Code of commerce | 6.1 |
| Direct or indirect equity investments in the Company's capital stock | 6.1 |
| Owners of any stock with special rights of control | 6.1 |
| Control mechanisms stipulated in a potential employee shareholding system | N/A |
| Agreements between shareholders that, if the Company becomes aware of them, may give rise to restrictions on share transfer and the exercise of voting rights | 6.1 |
| Rules on the appointment and replacement of members of the Board of Directors and the amendment of the Company's bylaws | NA |
| Powers of the Board of Directors, especially regarding share issues or buybacks | 6.1 |
| Agreements entered into by the Company which are amended or terminated in the event of a change in control of the Company | 6.1 |
| Agreements stipulating payments for members of the Board of Directors or employees if they resign or are dismissed without real and serious cause or if their employment is terminated due to a public takeover bid or exchange offer | 6.1 |

Cross-reference table on information constituting the Group's Extra-financial performance statement required by the Article L. 225-102-1 of the French Code of commerce, the Global Reporting Initiative (GRI) Standards and the Principles of the Global Compact Topic

| Information | Reference |
|---|---|
| Business model | Introductory Chapter |
| Description of the main risks ensuing from the Company's or the Group's business , including, when relevant and proportionate, risks generated by business relationships, products, or services | Chapter 2 ; Chapter 4, Sections <ul style="list-style-type: none"> ■ 4.3.3 Climate transition risk management ■ 4.4.1.2 Measures taken for product safety ■ 4.4.1.5 Risk sites rate ■ 4.4.2.1 Issues related to responsible supply chain ■ 4.4.3 Business ethics |
| Information about how the Company or the Group takes into account the social and environmental consequences of its business, the impacts of its business on human rights and struggle against corruption (description of the policies implemented and reasonable diligence procedures carried out in order to prevent, identify and mitigate the main risks linked to the Group's or the Company's business) | Chapter 4, Sections <ul style="list-style-type: none"> ■ 4.1 Faurecia's Corporate Social Responsibility strategy ■ 4.2 Social performance ■ 4.3 Environmental performance ■ 4.4.2 Responsible supply chain ■ 4.4.3.2 Acting to prevent corruption ■ 4.4.3.4 Commitments to respect fundamental rights |
| Results of the policies implemented by the Company or the Group, including key performance indicators | Chapter 4, Sections <ul style="list-style-type: none"> ■ 4.1.1 Faurecia's convictions for a sustainable development ■ 4.1.3 Lead the CSR approach through ongoing dialogue with stakeholders ■ 4.1.4 Answering to the non-financial performance declaration and the duty of care ■ 4.2 Social performance ■ 4.3 Environmental performance ■ 4.4 Societal performance |
| Social information (employment, work organization, health and safety, social relationships, trainings, equality of treatment) | Chapter 4, Sections <ul style="list-style-type: none"> ■ 4.1 Faurecia's Corporate Social Responsibility strategy ■ 4.2 Social performance |
| Environmental information (general environment policy, pollution, circular economy, climate change) | Chapter 4, Sections <ul style="list-style-type: none"> ■ 4.1 Faurecia's Corporate Social Responsibility strategy ■ 4.3 Environmental performance |
| Societal information (societal commitments in favor of a sustainable development, subcontracting and suppliers, practices loyalty) | Chapter 4, Sections <ul style="list-style-type: none"> ■ 4.1 Faurecia's Corporate Social Responsibility strategy ■ 4.4 Societal performance |
| Information related to the struggle against corruption | Chapter 4, Sections <ul style="list-style-type: none"> ■ 4.4.2 Responsible supply chain ■ 4.4.3 Business ethics |
| Information related to actions in favor of fundamental human rights | Chapter 4, Sections <ul style="list-style-type: none"> ■ 4.4.2 Responsible supply chain ■ 4.4.3.4. Commitments to respect fundamental rights |
| Specific information: | N/A |
| <ul style="list-style-type: none"> ■ Technological accident risk prevention policy implemented by the Company ■ Capacity of the Company to cover its civil liability towards persons and goods as a result of such facilities exploitation ■ Means provided for by the Company to ensure the management of victims compensation should it be held liable in the event that a technological accident occurs | |

| Information | Reference |
|---|--|
| Collective Agreements executed within the Company and their impacts on the Company's economic performance and employees labor conditions | Chapter 4, Sections <ul style="list-style-type: none">■ 4.2 Social performance■ 4.2.3.2 In-depth social dialog with employee representatives■ 4.4.3.4 Commitments to respect fundamental rights |
| Report by the independent third-party | Chapter 4, Section <ul style="list-style-type: none">■ 4.5 Report by the independent third party on the non-financial statement |





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