



FAURECIA BOARD OF DIRECTORS

INTERNAL RULES

Modified by the Board of Directors of 19 December 2017

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Foreword

Pursuant to the powers conferred by law that allow it to determine the conditions of exercise of the executive management, the Board of Directors of Faurecia (the "Company") has decided that as of 1 July 2016, the functions of Chair and CEO are separate and, therefore, that the executive management is, as of that same date, carried out by a CEO.

It is specified that the Afep-Medef Corporate Governance Code for listed companies is the code to which the Company has chosen to refer to.

In accordance with this Code, Faurecia Board of Directors has set up Internal Rules expressing its operating rules, with the aim of improving its members' work and information methods.

These Rules, adopted by the Company's Board of Directors during its meeting on 17 April 2003, were updated by the Board of Directors at its meetings on 8 October 2007, 9 February, 2 March and 17 December 2009, 9 December 2014, 25 July 2016 and 21 December 2016. Given that the separation of the Chair's and CEO's functions is effective as of 1 July 2016, the Rules state in particular the roles and responsibilities of Faurecia's Board of Directors, Chair and CEO, in line with statutory provisions.

Of strictly internal scope to the Company, these Internal Rules shall in no way replace the legislative and regulatory provisions governing companies or the Company's bylaws.

They may be modified at any time by decision of the Board of Directors.

All Board members are required to comply with these Internal Rules.

Composition of the Board of Directors

The Board of Directors is comprised of a minimum of three members and a maximum of fifteen.

At least one third of its members shall be independent Board members. The Board of Directors may however hold a valid meeting if this proportion is not complied with due to vacancies or for some other reason.

In accordance with the Afep-Medef Corporate Governance Code for listed companies, a Board member is independent when he or she has no relationship of any kind with the Company, its group or management which may compromise his or her freedom of judgment.

Independence is assessed against the following criteria:

- not being an employee or executive corporate officer of the Company; not being an employee, executive corporate officer or Board member of a company holding directly or indirectly more than 10% of its capital, not being an employee, executive corporate officer or Board member of a company it consolidates and, in each of the cases in question, not having been for the previous five years;
- not being an executive corporate officer of a company in which the Company holds directly or indirectly a directorship or in which an employee designated as such or an executive corporate officer of the Company (currently or having been for less than five years) holds an office of Board member;

- not having any business relationship with Faurecia which would constitute a significant business activity with the company or the group in which the Board member holds an executive management position;

This criteria shall be assessed by taking into account a multi-criteria approach including a qualitative analysis, which shall be described in more details if appropriate, in Faurecia Registration Document.

- not having any close family ties with an executive officer;
- not having been a statutory auditor of the Company for the previous five years;
- not having been one of the Company's Board members for more than twelve years.

The Chair of the Board may be considered independent if the Company justifies it in relation to all the criteria stipulated above.

The Board, on a report of the Governance Committee, shall systematically investigate the independence of each of its members, including its Chair at least once a year and upon the appointment of each new member. A summary of the findings shall be provided to the shareholders in the registration document.

Furthermore, the Board takes the necessary measures, in compliance with the Afep-Medef Corporate Governance Code and applicable regulations, in order to diversify its composition in terms of nationality or international experience, skills and gender balance.

Board of Directors' Tasks

In accordance with legislative provisions and bylaws in force, the Board of Directors is a collegiate body that sets guidelines for Faurecia's activity and ensures their implementation. Subject to the powers expressly granted to shareholders' meetings and within the limits of corporate purpose, it shall consider all matters concerning the smooth running of the Company and, through its deliberations, settle the matters concerning it. It shall be consulted on all the strategic decisions of the Company and its Group, at the initiative of his Chair.

The Board of Directors carries out the following tasks in particular:

- Defining strategic direction:
 - defining and overseeing the implementation of decisions relating to the Company's major strategic, economic, social, financial or technological direction.

The medium-term directions of the Group's activities shall be defined by a strategic plan the draft of which shall be prepared and presented by the CEO and then adopted by the Board of Directors.

In addition, as a provision of internal operation, the CEO shall obtain the Board of Director's authorisation to carry out any acquisition, disposal or creation of a joint company whose total asset value is more than 100 million euros and/or whose turnover is more than 300 million euros. Similarly, any significant operation that does not appear in the Company's strategic plan must obtain the Board of Director's prior approval.

- Governance and Management:
 - reviewing the Governance structure: determining the Company's executive management terms of exercise; creating Committees of the Board of Directors, appointing their members, setting their missions and operating procedures;
 - co-opting and proposing appointment or renewal of the Board members, appointment or renewal of the Chair of the Board;
 - Chair of the Board and Board members' compensation;
 - Governance assessment: Board of Directors and Committees' works; examination of the Board members' independence;
 - appointment or renewal of the CEO and Deputy CEOs, and setting their compensation;
 - setting up plans for allocating options for subscribing or purchasing shares, performance shares, of any other form of long term incentive and approval of the list of the beneficiaries;
 - authorising agreements and undertakings said to be "regulated" in the legal sense;
 - prior notice before acceptance, by an executive officer, of a new directorship in a listed company;
 - authorizing guarantees and endorsements, allocation of an annual envelope of guarantees to be issued by the CEO and setting the conditions thereof.

- Accounts and relationships with the statutory auditors:
 - approval of the annual and half-yearly corporate and consolidated financial statements and drafting the Company's and Group's management reports;
 - verification of the relevance and continuity and the good application of the accounting methods adopted for setting financial statements;
 - monitoring the preparation process of financial information;
 - organising the selection procedure of the statutory auditors that will be proposed to the Shareholders' meeting and verifying compliance with the rules ensuring their independence, especially in respect to the amount of their fees.

- Internal control and risk management:
 - monitoring the effectiveness of internal control systems and risk management;
 - assisting the Chair of the Board in preparing his report on the internal control procedures put in place by the Company.

In this respect, risk monitoring and control are reviewed annually at least on presentation of the Audit Committee.

- Budget and predictive management:
 - approval of the annual budget;
 - regular review of the Group activity and of the budget execution;
 - approval of the predictive management documents and corresponding reports;

- Financial situation, financing and issuing of securities:
 - quarterly review of financial situation, treasury situation as well as Group's undertakings not included in the balance sheet;

- decision to issue bonds and complex securities that do not involve increasing the share capital, and, pursuant to the authorization of the Extraordinary General Shareholders' Meeting, those involving the issuing of capital securities;
 - modifying the capital pursuant to the authorisation of the Extraordinary General Shareholders' Meeting.
- General Shareholders' Meeting:
- convening the General Shareholders' Meeting and setting the agenda;

The Chair of the Board and the Chair's Role

The Board of Directors elects the Chair of the Board from its members and sets the Chair's compensation. It can terminate this appointment at any time.

The Chair organises, directs the Board's work, and ensures that the Board and the Board Committees function efficiently, in accordance with the principles of good governance.

The Chair shall:

- promote the highest standards of integrity, probity and governance within the Group, in particular at Board level, in this way ensuring its effectiveness;
- manage relationships between the Board members/Chairs of the Board Committees, and in this respect:
 - promote effective relationships and open communication, and create an environment that enables discussion and constructive exchange during and outside of any session between the Board members and the CEO;
 - ensure the leadership and governance of the Board to create, both for the Board and for each Board member, comprehensive conditions of effectiveness, and to ensure that all key relevant issues are well prepared and discussed by the Board of Directors and the various Committees in a timely manner;
 - set, in consultation with the CEO and the Secretary of the Board, the schedule of Board meetings and agendas in order to fully take into consideration the major issues for the Group and those that may be raised by the Board members, and ensure that adequate time is given to an in-depth discussion of significant and strategic matters;
 - handle conflicts of interest;
 - conduct, alongside the Governance Committee, the Board's assessment procedure, the search for new Board members and their induction programme.
- organise, with the CEO and the Chair of the various Committees, preparation of the Shareholders' General Meetings and ensure their chairing, supervise the relations with the shareholders and ensure an efficient communication with these latest;
- handle the relationship with the CEO:
 - act as a competent advisor to the CEO for any issue involving the Company's interests and management;
 - ensure that the strategies and policies adopted by the Board are implemented effectively by the CEO; the Chair shall be, without prejudice to the prerogatives of the Board of Directors and its Committees, regularly informed by the CEO of any significant event relating to the Company's strategy in the context of the direction taken by the

Board of Directors, as well as of major projects for external growth, major financial operations, social initiatives or even the appointment of the managers of the Business Groups of the Company and key functions' managers. The Chair shall receive from the CEO any useful information for leading the work of the Board of Directors and its Committees.

- coordinate or carry out specific tasks. In particular, at the CEO's request, the Chair may represent the Company to stakeholders, public authorities, financial institutions, major shareholders, and/or main business partners.

Executive Management Role

The Board of Directors appoints the CEO, and, if necessary, on proposal by the CEO, one or more Deputy CEOs.

The CEO represents the Company in its dealings with third parties and has the broadest powers to act in all circumstances on behalf of the Company consistent with its corporate purpose, the powers reserved for the Board of Directors and Shareholders' Meetings, and limitations provided for by these internal rules.

In agreement with the CEO, the Board of Directors determines the scope and duration of powers granted to the Deputy CEOs.

The Deputy CEOs have, with regard to third parties, the same powers as the CEO.

Role of the Secretary of the Board

The Chair of the Board of Directors shall appoint a Secretary who has the task of material organisation of the Board's meetings as well as taking part in them and preparing the minutes of the meetings that shall be submitted for approval to the next Board.

Organisation of the work of the Board of Directors

The Board of Directors shall meet at least four times a year, as provided for in the bylaws, to discuss questions put on the agenda by the Chair. The Chair convenes the Board meetings and conveys the agenda.

The CEO attends to the Board of Directors' meetings.

As an exception, the Board of Directors shall meet at least once a year without the attendance of the CEO to evaluate his performance and statute on any question related to the governance.

Each meeting of the Board of Directors must be long enough to discuss the agenda usefully and thoroughly.

The Chair, assisted by the Secretary of the Board, is responsible for transmitting to the Board members, within a reasonable timeframe, the information and documents required for the Board's meetings.

Outside the sessions of the Board, the Board members shall receive useful information from the Chair at any time about the life of the Company and the Group, if the importance or urgency of the information requires it. They are recipients of press releases issued by the Company.

Any information or additional document submitted to a Board member upon request shall be communicated systematically to the other Board members.

When privacy or deadlines require, such information and documents can be communicated during the meeting.

The Board members may, in accordance with the Law, be represented to the Board of Directors meetings, by another Board member they appoint to this effect.

Subject to applicable laws and regulations, the meetings of the Board may take place by videoconference or telecommunications especially to enable Board members who cannot physically attend a meeting of the Board to effectively participate in the said Board of Directors meeting.

In the situation addressed above:

- Are considered present for the quorum and the majority the Board members participating in the meeting via videoconference or telecommunications.

The Board can thus hold a valid meeting if at least half of its members is physically present or present via videoconference or telecommunications.

- The videoconference or telecommunication system used must meet technical specifications guaranteeing the effective participation of everyone in the Board of Directors meeting. The deliberations must be continuously and simultaneously broadcast. Necessary steps must be taken to enable the identification of each participant and the quorum; the attendance register at Board meetings shall mention, where appropriate, Board members' participation by videoconferencing or other means of telecommunication;
- the minutes of the Board meeting shall state the name of the Board members participating in the meeting via video-conference or telecommunications. They should also indicate the possible occurrence of any technical incident relating to a videoconference or telecommunications when this incident disrupts the course of the meeting, including the interruption and recovery of remote participation;
- in the event the Chair notes a malfunction in the videoconference or telecommunications system, the Board of Directors may hold a valid meeting and/or continue with only the members that are physically present, provided that the quorum conditions are met;
- the above-mentioned provisions are not applicable for adopting decisions pursuant to articles L. 232-1 and L. 233-16 of the French Commercial Code, respectively relating to the preparation of the annual corporate financial statements and management report and the Group's consolidated financial statements and management report.

Board of Directors' Committees

In order to optimise its deliberations, the Board of Directors may set up Committees, in accordance with article R.225-29 of the French commercial code.

The following Committees are set up:

- a Governance Committee with the role of dealing with issues relating to the composition and operation of the Board of Directors and its Committees. More generally, the Committee assesses the Company's governance structure and, in this context, the exercise conditions of the Company's management and, where appropriate, makes recommendations in this regard. It also makes any necessary opinion in relation to the Board Committees. Moreover, the Committee handles the selection process for the Board members and the Chair of the Board; it examines the

attendance fees' budget and the payment between the members and it conducts the governance's assessment process (assessment of Board and Committees' work, examination of members' independence);

- a Management Committee with the role of dealing with issues relating to the selection of members of the general management as well as their compensation, including long term compensation. More generally, this Committee deals with issues associated with the performance, the selection and the compensation, including long term compensation, of the Group's key executives (Executive Committee, Senior Management);
- an Audit Committee with the primary role of reviewing the approval process for the annual and half-yearly corporate and consolidated financial statements as well as the process of preparing financial information. It ensures the relations with the statutory auditors of which it handles the selection process and of which it checks the independence; it also follows the internal control and risks management processes. It reviews the Group's budget, follows its execution and reviews the provisional management documents. It also reviews the financing situation of the Group and the projects for issuing of securities;

These Committees have a purely internal role of preparing specific deliberations of the Board. They issue proposals, recommendations and advice in their area of expertise.

The Committees must provide internal rules validated by the Board of Directors, which set their composition, appointment, and operating rules as well as their detailed responsibilities.

The composition of Committees is intended to have a broad representation of independent Board members and consideration of expertise adapted to carrying out the Committee tasks in which the Board member takes part.

These Committees shall be accountable to the Board of Directors for their work after each meeting and shall conduct an annual review of their activity.

Assessment of the Board of Directors

Once a year the Board of Directors devotes an item on its agenda to assessing its work:

- it provides an update on its operation, composition and organisation, as well as that of its Committees;
- it checks that major issues are properly prepared and discussed and measures each member's contribution to the Board's work with regard to their expertise and involvement in discussions.

The Board shall conduct a formal detailed assessment at least every three years. This assessment can be implemented with the assistance of an outside consultant.

The Board of Directors shall inform shareholders each year in the registration document of these assessments and, where appropriate, of the outcome.

Board members' Compensation

Board members' compensation, which is paid in the form of attendance fees, shall take into account their actual participation in Board meetings and their participation in Committees.

Board members shall receive fixed compensation due to their function.

Added to this fixed compensation is a variable compensation, calculated in proportion to their participation in Board meetings.

Lastly, Committee members and their Chairs shall receive supplementary compensation.

On documentary evidence, the Board members shall be paid expenses incurred to attend the Company's Board meetings.

Specific Duties of Board members

By collegiate adoption of these internal rules, each Board member shall confirm his/her commitment to comply with the following obligations:

- Meet legal and regulatory obligations, Company bylaws and these internal rules;
- Act in all circumstances in the corporate interest;
- Hold during the whole duration of their mandate 500 shares of the Company, this number including the 20 shares of which holding is provided for in the Company's bylaws. It is however agreed that Board members who do not receive attendance fees shall only hold the 20 shares provided for in the by-laws and that Board members representing the employees have no obligation to hold a minimum number of shares.

Beyond the above-mentioned requirement to hold shares as Board member, the Chairman of the Board must hold a number of shares corresponding to one-year compensation (including the 500 shares owned as Board member) and be in compliance with this obligation within two years from his appointment as Chairman;

- Notify the Board of any situation of potential conflict of interest and either abstain from voting on the corresponding deliberation, or not attend the Board meetings during the period of conflict of interest or resign from the office of director. Failure to comply with these rules of abstention or withdrawal could result in the Board member being held liable. In the event of conflict of interest, the Board member shall not receive documentation supporting the Board session(s) in question;
- Uphold existing legislation on holding multiple directorships and regulated agreements;
- Participate as far as possible in all Board meetings, or, if appropriate, in the Committees to which they belong;
- Register any securities issued by the Company that they hold or that belong to their minor children as well as their derivatives, in compliance with article L.225-109 of the French Code of commerce;
- Inform the Company, when they declare to the French Stock Market Authorities (*the Autorité des Marchés Financiers*) any trading in the Company' securities, to allow the Company to prepare the annual summary of these transactions, to be included in the registration document;
- Ask for helpful information deemed necessary for the exercise of their assignment and to enable them to be fully apprised of the issues discussed by the Board of Directors;
- Request, if deemed necessary, additional training on Group' specifics, its business and industry sector;

- Devote the necessary time and attention to their duties;
- In view of non-public information acquired in the framework of their duties:
 - consider themselves bound by an obligation of strict confidentiality subject to professional secrecy;
 - consider that this information is strictly personal and may not be shared with a third party outside the Board of Directors.
- Refrain from intervening on the Company' securities (including derivatives), directly or through an intermediary during the periods specified as follows:
 - from the date of the Company's Board of Director's meeting held in December of each year until the third day following the announcement of the Company's annual results;
 - in the thirty calendar days prior to the announcement of the half-year results until the third day included following this announcement;
 - in the fifteen calendar days prior to the date of publication of the quarterly turnover until the third day included following this publication.

Each year, the Board of Directors' Secretary shall specify this calendar according to the Board of Directors' meeting dates.

- Refrain furthermore from intervening on the Company' securities (including derivatives), during the period included between the date on which the Company (in the person of its executive officers) has become aware of information which, if it were made public, would likely have significant influence on the Company' share price or on the financial instruments linked to them and the date on which this information is made public. In the event of doubt concerning the nature of the information in their possession, every Board member shall call upon the Group's CFO who shall have twenty-four hours to advise on the proposed transaction.