



COMMUNICATION ON PROGRESS - 2013

May 2014



Faurecia adhered to the United Nations Global Compact in 2004.

By doing so, it committed to abiding by and promoting, in its business practices, a set of values and principles drawn from texts and international conventions relating to human rights, labor standards and the environment.

The fundamental rules of business conduct and ethical guidelines are established in a Code of Ethics and followed by all Faurecia employees worldwide.

This Communication on Progress aims to share some of the key initiatives created, implemented or further deployed across the Group to ensure a consistent worldwide set of values, principles, standards, rules and guidelines in favor of better actions, decisions and behavior respecting people, stakeholders and the environment.

It is fully aligned with our commitment to the 10 United Nations Global Compact principles.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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Anchoring the principles of the United Nations Global Compact amongst its employees, its suppliers and the business

I- Anchoring the UN principles amongst its employees

Following a very rapid globalization and growth period, the Group is now moving into the next stage of its development, with more steady growth and a focus on value creation.

The company has re-defined its mission and cultural model within its 'Being Faurecia' cultural transformation program, so that managers can act with an entrepreneurial mindset as well as with the autonomy and accountability necessary to drive performance.

- The Group's Mission now embeds Faurecia's commitment to social and environmental responsibility.

The Group fosters:

A safe and healthy workplace

Positive involvement in the local communities

Internal and external transparency

The Group's values were redefined. They drive behavior throughout the organization and managers act as role models.

3 managerial values

- Entrepreneurship
- Autonomy
- Accountability

3 behavioral values

- Respect
- Exemplarity
- Energy

The Code of Ethics, initially drafted in 2005, revised in 2007, was also updated in 2014 as part of the 'Being Faurecia' program. This defines the rules of business conduct that must be applied to our day-to-day relations both internally and with outside parties. It is mirroring the International Labour Organization's (ILO) Core Conventions.

This Code of Ethics, combined with our employees' sense of responsibility, establish the fundamental rules of business conduct and ethical guidelines applicable to all Faurecia employees and partners.

It opens on the respect for fundamental Human Rights, including respect for the law, prohibition of child labor, elimination of all forms of forced labor, respect for the environment and promotion of health and safety in the workplace.

A new Code of Management, presents the behaviors expected of Group managers with clear do's and don'ts. The behaviors in the Code of Management cover the four main areas of:

Business planning

Business execution

Performance management & people development

Business ethics

- The behaviors are underpinned by the notions of respect and transparency.
- The Code of Management contains the red lines of behaviors that are never tolerated, many of which are derived from the Group's Code of Ethics.

The 'Being Faurecia' program has been shared with managers and the full deployment Group-wide will be made during 2014.

➤ Social dialog

The Group's various entities continued an active policy of dialog and negotiation with employee representatives.

The European Works Council, a key body in the Group's economic and social dialog, is the preferred forum for exchanges with employee representatives on the Group's strategy, results and outlook.

The operating procedures of this body, created in 2003, are governed for four years by an agreement signed unanimously on January 10, 2012. The way in which the twenty-five seats are shared out has made it possible for each of the fifteen countries in which Faurecia operates to be represented.

- Today, the Faurecia European Works Council consists of 25 committee members representing 45,000 employees across 15 European countries.

The process of designating members under the new agreement led to the re-election of nearly 50% of the members of the European Works Council in 2013.

Three and a half days training were organized in Spain in April 2013 so as to equip members with the resources required to perform their duties under the best possible circumstances.

In line with the expectations of this body's members, the training focused on a detailed analysis of the content and opportunities offered by the new agreement, on basic economic concepts and on the Group's sectoral environment. This training also provided the elected members with an opportunity to visit the PSA plant in Vigo.

The European Works Council met in plenary session on April 17 & 18, 2014; the Council Board, comprising representatives of the six biggest countries in terms of workforce (i.e. France, Germany, Spain, Portugal, Czech Republic and Poland), met three times during the year.

Pursuant to the terms of the agreement signed in January 2012, the last meeting of the year was held in Poland on November 20, 2013. On this occasion, the Council members were able to visit the plant and R&D center at the Grojec site (Automotive Seating business). These visits were an opportunity to exchange ideas about the Faurecia Excellence System and especially employee empowerment.

Measurement:

- The Group's policy of active social dialogue led to the signing of 361 agreements in 21 countries in 2013, of which 170 in France, 81 in Germany, 37 in Brazil, 16 in Spain, 10 in Mexico, 8 in Tunisia and 7 in Uruguay.
- 24% of these agreements are related to wages and benefits, and 24% to working conditions.

➤ Management survey

Faurecia conducted a Management Survey in 2013 for the second time since 2010, to evaluate employees' confidence and satisfaction in the Group values, strategy, compliance and development of people. Almost 15,000 questionnaires were sent to employees in 24 countries with a 68% response rate

Overall since 2010 there has been a significant improvement both in terms of confidence in the Group's strategy and in the care the company takes in people management.

- In terms of operational performance, the Group is perceived as stronger than in 2010 and the climate of confidence and pride is significantly improving.
- About 80% of managers say they enjoy their work and learn a lot, that the working atmosphere is good and that they feel at home with the culture and the values of the Group.

Some of the criticisms raised in the survey, such as non-sufficiently rapid decision making or insufficient long-term focus, are being addressed through the 'Being Faurecia' program mentioned above.

External recognition:

- Faurecia Germany named Top Employer 2014 for the 4th consecutive year by the Top Employer Institute. The assessment is audited by a third party company and focuses on HR strategy and policy implementation. Certified organizations demonstrate a forward-thinking human resources environment that is continuously working to optimize its employee conditions and leading the way in the development of its people.
- Faurecia China recognized again as one of the "100 Best Human Resources Management (HRM) Companies", for 2013. Sponsored by 51job, Inc., the leading integrated human resources service provider in China, the award is one of the most authoritative in the field of human resources management. With the theme of "creating the future with the younger generation", the award was presented in recognition of the model employers that have helped young employees realize self-management, improve skills and engagement, and achieve success for both the young employee and the company in the current career market which has gradually stabilized after a period of rapid development and is deeply influenced by internet. In the auto/auto parts production sector, 13 car makers and auto parts suppliers have won this award, including Faurecia China.

➤ Safety at work

Safety in the workplace is one of the key elements of the excellence initiative embodied by the Faurecia Excellence System (FES). It forms part of the personal respect requirement which every facility must satisfy.

Faurecia's policy on health and safety in the workplace is based on two main objectives:

- safeguarding the health of its employees
- improving their safety while at their place of work.

This policy has been backed for several years by a Breakthrough Safety Plan and 13 mandatory personal safety-related HSE rules. These rules have been deployed at all Faurecia sites.

As part of the Health, Safety and Environment (HSE) training, in 2013, a film has been made about the 13 mandatory HSE and the three personal protection equipment rules, so as to raise their profile among Faurecia employees. This film, based on practical scenarios demonstrating the different rules, is used for FES training for managers, notably for Europe, North America, China and India.

In addition to regular HSE trainings in all sites worldwide, a number of regional initiatives were taken to support safety in the work place, including:

- India national safety week

In order to reinforce the safety awareness among the Faurecia plants in India, the national safety week created an opportunity to develop specific safety-dedicated actions in all the Faurecia sites. It included a safety speech during which employees made a 'safety oath'. Quiz & competition among plants were organized and training was held on the subject of fire fighting safety (how to react, what to do, who to contact...). Improvement Ideas about safety were issued.

Health talks were also held, where employees could learn more about ergonomics and get healthy tips.

- France: ergonomics to avoid injuries

An ergonomic training was performed at two Faurecia plants in Mouzon, France, where operators handle particularly heavy parts. Based on the Tai-Chi principles, this theoretical training was completed by a concrete on-site training.

Good practices were then included in the working standards and audited.

Measurement:

- In 2013, the Faurecia group achieved its objectives in terms of accidents with lost time, with indicators reduced by three-quarters since 2009 (FR0t of 0.5, ie number of accidents with lost time per million hours worked). This result shows Faurecia to be among the best industrial companies worldwide.
- To guarantee the same level of workplace safety for all employees, temporary workers are included in the same manner as permanent staff in the indicators.
- The Faurecia Development Center in Valencia, Spain, has been awarded by the Valencian Business Confederation with the Award "Premios Llum" for its "Trajectory as a Safe Company".

➤ Respect for the development of individuals

Within the Group, training is considered a strategic investment. It is a key tool in the implementation of genuine continuous improvement, backed by the Faurecia Excellence System (FES).

Training is a development tool: training plans are focused on improving results to encourage individual development and to increase team effectiveness.

Faurecia University is the entity that creates, provides and manages training for engineers and managers within the Group. In 2013, its roles and responsibilities, its governance model and its organization were redefined to better meet the Group's requirements.

To enable decentralized training while still maintaining the unique nature of the Group's message, two regional universities were created in the second half of 2013: "Faurecia University North America" and "Faurecia University Asia".

These two universities have their own resources and their primary responsibility is to roll out corporate training tailored, as closely as possible, to the requirements expressed by management in these two regions.

Measurement:

- In 2013, the Group's training effort numbered more than 1.7 million hours, an increase of nearly 4.5% compared with the previous year, positively impacted by sustained training programs in Asia (China), North America (USA and Mexico) and in Europe (Poland and Romania).
- A total of 90.3% of employees received an average of 22 hours of training each.

II- Anchoring the UN principles amongst suppliers and the business

➤ 'Buy Beyond' Purchasing policy

A global automotive supplier, Faurecia is committed to growth founded on socially-responsible actions and behaviors in all countries in which it operates. The Group is focusing on how sustainability is affecting business and can boost value creation and competitive advantage.

It has therefore upgraded its Purchasing policy, including CSR requirements for suppliers.

The deployment of this new 'Buy Beyond' policy has started in some Business Groups, especially within Faurecia Interior Systems. As a consequence, social, environmental and fair economic business practices are now considered key elements in the business relationship.

Suppliers sustainability practices must be demonstrated across 12 key commitments:

Obey the law

Responsible Supply Chain Management

No child labor

No forced labor

Working hours

Fair wages

Non-discrimination and equal remuneration
Freedom of association
Health & safety
Environment
No corruption or bribery
Fair Business Practices

As such, the 'Code of Conduct Sourcing and Supply Chain' is our DNA, together with the integration of CSR aspects into purchasing processes and extensive coaching / training of the buyer and supplier network.

In addition, suppliers' CSR assessment will enable our panel strategy and sourcing decisions to be based on facts and figures. Faurecia has appointed a third-party company to benefit from an independent CSR assessment and expertise, which will help understand, demonstrate and improve each supplier's sustainability practices.

Measurement:

- Audits performed by a well-established third-party company.
- Process initiated by the training of the entire Faurecia Interior Systems Purchasing department (450 buyers).
- As of end 2013, more than 50% of the purchases of Faurecia Interior Systems have already been audited by the third-party company
- These assessments are incorporated into the purchasing process, as well as in the business awards. They are also included in the criteria for performance evaluation of suppliers.

➤ Suppliers support

Support of strategic Faurecia suppliers for internationalization

In the context of the Group's international development, Faurecia needs to develop the local integration of its components. This is depending on a strong relationship between Faurecia and some of its suppliers.

The Group has been seeking to help with the development of local suppliers and, at the same time, take the opportunity to facilitate the globalization of its core strategic suppliers.

Faurecia launched its supplier internationalization initiative in 2013, to accelerate local content in new countries, with the appropriated technologies and know-how, and therefore to sustain future businesses.

This initiative mainly focuses on China and Russia, but also on other regions and countries, in South America, Mexico, India and Eastern Europe.

Based on the complementary objectives and needs of both Faurecia and its core suppliers, the "Charter for supplier international development" was signed mid-2013, with a commitment to:

- promote suppliers industrial projects in specific new markets
- strongly support suppliers with different free services, such as:
 - o administrative formalities,

- information sharing about the countries/ regions,
- HR support (share information on the management of local human resources)
- temporary premises made available,
- sponsoring to introduce the suppliers to local authorities, or potential other customers
- advising about legal constraints and how to protect technologies and know how,
- sponsoring to get financing

Suppliers diversity management

A Diversity Management initiative was launched by the Group, notably in North America, with a specific organization. Diversity management is carried out by Diversity Champions from all functions and concerns various areas beyond marketing, such as mentoring, training, communications and events. All partner companies are managed in accordance with the requirements of the National Minority Supplier Development Council.

Measurement:

- In 2013, Michigan, a state where the Group has a strong presence, awarded Faurecia for its active policy of partnerships and trade relations with companies that are certified as Minority Owned Businesses.

Community programs

A growing number of Faurecia sites across the world engage into Community & social programs, and the Group encourages these actions.

- Faurecia is committed to education and the development of students and is encouraging women to embrace industry careers.

In 2013, in Germany, Faurecia sites participated for the fifth consecutive year in the Girls and Boys Days programme, presenting students, and especially girls, with an opportunity to discover technical and technological careers in the industry. 15 sites were included this year, welcoming some 150 students.

In France, Faurecia is partnering with “Elles bougent”, an association encouraging high school students, especially girls, to discover industry and technical jobs. In the spring of 2013, like every year, several Faurecia sites in France were engaged in actions during the “national industry week”. Welcoming students and make them discover the industry environment with plants’ visits and conferences. A very concrete way to explain innovation, show the numerous steps that are necessary to develop a product and detail the manufacturing processes.

Sites in Romania are engaged in trans-national networks of educational guidance, career counseling and practice correlated with the labor market, in the society of knowledge. For instance, Faurecia has been partnering for 6 years with the university of Pietesti, organizing students guidance and practice with the support of Faurecia mentors, through internships in logistics, HSE, HR, Technical, Quality, to ensure a better chance of training in line with reality.

Several initiatives were undertaken in Poland, such as the participation to the common project “Business for Education” for several Polish sites.

And more specifically:

- cooperation with Warsaw University of Technology and Lublin University of Technology (trainings, student and professor visits)
- organization of students’ visits from Politechnika Łódzka, Politechnika Lubelska
- participation as Jury member at the annual competition for the best master thesis in the Faculty of Automotive and Heavy Machinery Engineering (Politechnika Warszawska)
- cooperation with local secondary school Zespół Szkół nr 5 with visits, trainings and providing a possibility of career development for students
- partnership with Mechanical School Zespół Szkół Mechanicznych : knowledge sharing and practical experience offer to students from logistics courses
- contribution to the business board advisory of Wyższa Szkoła Biznesu w Gorzowie Wielkopolskim universities

India is partnering with local NGOs, for education:

- tuition scholarships, especially for girls, with the Lila Poonazalla Foundation
- providing basic necessities and offering school fees for orphans with the Savali Seva Trust
- offering time and gifts to the Pune Blind School for Girls

Measurement:

- Faurecia in Spain has been honored early 2014 by the Social Council of the University Polytechnic of Valencia with the 'Award Cooperation with University', category Internship and Employment.

- The following regional actions can be highlighted as examples of employees' commitment towards the communities, closely linked to local sensitivities and needs.

North America

The FUELS program (Faurecia Unites with Employees for Local Service) included for the fifth consecutive year all of the employees of 47 Faurecia sites in the United States, Canada and Mexico. In September 2013, some 20,000 people gathered with a common goal of help and support.

There has been no shortage of creative ideas: collecting nonperishable food, organization of competitions, car washing, housing rehabilitation, educational activities and fundraising.

These moments of sharing the pleasure of giving time to the community are highly valued by employees who, each year, make it a point of honor to exceed their targets.

Measurement:

- 13,000 hours volunteered, 285 tons of food collected
- \$150,000 fundraising for an equivalent of 1.1million meals.
- Since 2010, more than 2.4 million meals have been distributed through the FUELS program.
- FUELS was honored on March 6, 2014, by its Gleaners food bank partner in Southeast Michigan with one of two Top Food Drive awards for 2013. Each year, Gleaners recognizes the individuals, foundations, corporations and volunteers that rose to the top in terms of giving and performance. Gleaners reports that there are 1,000-1,500 food drives on its behalf each year
- The FUELS program also received official recognition from the State of Michigan.

China

The Company's approach is part of a broader sustainable development strategy in relation to local residents. In 2013, the activities were carried out in partnership with NetSpring, a social sector company that works to reduce waste and pollution caused by electronic devices through the "Green IT Classrooms Against Poverty" project.

Faurecia was therefore able to open its first "Faurecia Green IT Classroom" by providing refurbished computers to disadvantaged students in rural areas, one of the goals being to reduce the rural/urban

divide in the country, where many children are suffering by not having access to basic education requirements.

Japan:

Natural disasters awareness:

- organization of an emergency drill for earthquake and fire with Yokohama Business Park Community.
- Emergency provisions kept ready for 50 people for 3 days to survive (water & foods, manual battery charger for mobile phone).

Russia

Russian Faurecia sites performed their first CSR actions in 2013. We can highlight for instance employees volunteering time to help rehabilitate a center for people with disabilities, along with an enrichment of their library with donations.

Poland

Faurecia Poland has been engaged for several years into charity action. Some of the last programs covered the following:

- Hospital in Grojec: support with donations and a financial help to the Children's Unit,
- Local Orphanage in Wałbrzych: financial support, donation of a TV set won by the Faurecia Poland Marathon Team, social work performed by volunteers (general maintenance of the orphanage), collection of clothestoys and chemistry

Portugal

Actions particularely focused on health. Different plants campaigned for and supported associations such as the Red Cross and the AMI (Assistência Médica Internacional, International Medical aid).

Spain & South America

Different charity actions took place in 2013 to help associations such as

- In Spain: the Spanish Association Against Cancer as well as different food banks and toys banks across the country.
- In Brazil: examples cover for instance the support for Lar da Mamãe Clory, located in the Sao Paulo area, where Faurecia has its regional headquarter and some plants: This day-care center for the community has the capacity to attend up to 90 babies and children. Faurecia also supports the APAE, an association that takes care of disabled children, along with regular collection of goods for children in need.

Faurecia's products and the environment

Reducing the impact of vehicles on the environment is a growing concern and one of the main drivers of Faurecia's expertise.

In order to develop and manufacture lighter and cleaner vehicles, Faurecia takes environmental factors into account at all stages in the product life cycle, from product design to the environmental impact of its production sites, from supplier collaboration to product end-of-life.

Efforts focus on reducing environmental impact through emissions control technologies and the use of bio-sourced materials, and on reducing vehicle weight to reduce fuel consumption.

Initiatives include the following:

➤ Emissions control technologies

Faurecia works with the full range of technologies used to reduce emissions of nitrogen oxides and particulates for diesel engines, regardless of the vehicle (passenger and/or commercial).

- A great many technologies have been developed and are manufactured by the Group. One of the latest innovative technology is the compact BlueBox Selective Catalytic Reduction to better treat pollutants.

Faurecia develops and incorporates bio-based materials in its products and natural fibers are a focus. For instance, the NAFILean technology (NATural Fiber INjection), which combines natural hemp fibers with polypropylene resin, reduces weight by 25% compared with polypropylene charged with fiberglass.

- This technology is now in production on the new Peugeot 308 instrument panel.

The development of bio-sourced resins associated with natural fiber reinforcements will ultimately allow the car to survive the depletion of oil resources.

Faurecia is already making a contribution by developing technology strategies and innovative partnerships. In 2013, the Company signed a strategic partnership with Mitsubishi Chemicals for the development of bio-sourced resins.

➤ Lightweight

A lighter car uses less fuels. Through new product architectures and optimized design, along with the development and use of alternative materials and new production processes, the Group can offer weight reductions of up to 60kg compared with conventional materials within the 200kg package of products it provides.

Up to 40kg more weight savings are made possible through the use of composite materials instead of metal.

Several strategic partnerships with research laboratories, industrial partnerships and internal knowledge will allow further development of lightweight technologies.

➤ Recycling

Recycling includes anticipation of the end-of-life phase, optimization of production waste recovery and the use of recycled materials.

By January 2015, a European directive on vehicle end-of-life will demand that vehicles be 95% recoverable by weight, of which 85% will have to be actually reusable or recyclable.

Faurecia is committed to using recycled materials. For instance:

- Recycled plastics now account for 15-20% of the materials comprising the seats manufactured by Faurecia.
- Faurecia maximises the incorporation of recycled natural fibers (mainly cotton) in its vehicle soundproofing systems.

Faurecia is committed to a process of forecasting and recovering future end-of-life products. The Group is conducting an ever-growing number of studies to assess the impact of the recyclability potential of new materials, new products or multi-material concepts.

- After performing tests on the recycling and recovery of complex products via disassembly, Faurecia 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. The NAFCORECY (NAtural Fiber COmposites RECYcling) project was able to demonstrate, with the help of European companies specialized in recycling, that parts made of NAFILlean (polypropylene with natural fibers) can be processed with post-shredding technologies for end-of-life vehicles or recycling technologies used for industrial waste.

Faurecia sites also recycle scrap from the production line for reuse as raw material.

Faurecia's manufacturing sites and the environment

A number of sites have a history of regional support in the field of environment.

We can mention for instance India, where creating awareness about environmental issues is critical. Actions include for instance:

- Greenpeace India: Awareness campaign in Faurecia's organization and donation by employees following the recent Maharashtra draught issue
- World Environment Day: Tree Plantation and Awareness Campaign for employees

On a more global scale, the Group shows a strong commitment to monitor environmental factors at industrial sites to ensure continuous improvement.

- The ISO 14001 norm defines the criteria of environmental issues management systems.

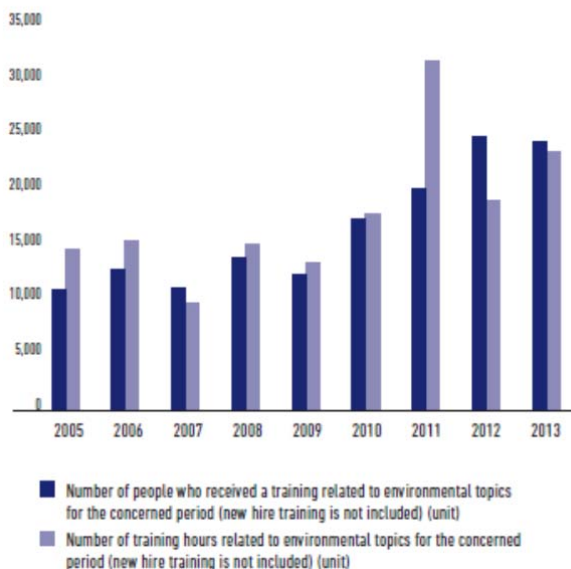
In 2013, nearly 65% of Faurecia's sites were ISO 14001 certified (more than 150 industrial sites). The environmental and social requirements (ISO 14001 and OHSAS 18000) are part of supplier evaluation criteria.

The implementation of ISO 14001 management systems by Faurecia sites is accompanied by training and raising awareness programs with regard to the environmental domain.

Measurement:

- In 2013, the number of training hours increased by 22.5% to 22,907 hours provided.
- 23,948 employees (or 30% of the Group's workforce) received training.

**NUMBER OF PEOPLE TRAINED IN ENVIRONMENTAL ISSUES
– NUMBER OF HOURS (PERIMETER 2013)**



➤ In 2013, the Group invested €13.85m in improving industrial equipment. More than half were dedicated to environmental protection, with for instance the implementation of a co-generation gas turbine in Germany or more energy-efficient manufacturing processes in France.

➤ More than 50% of sites have already implemented measures to reduce energy consumption, to reduce energy bills and emissions.

- Measures implemented include consumption monitoring tools, employee awareness campaigns, new energy efficient equipment, smart energy systems or the monitoring of the energy balance of buildings.

Overall water consumption decreased by 3.8% - nearly 1 liter less per hour worked.

Of 170 sites that engage in self-monitoring, 89% comply to local standards of air emissions.

In 2013, Faurecia worked with an independent verifier.
It enabled the Group to have its social and environmental data certified and to receive confirmation that the information is fairly presented, in accordance with the guidelines.