



8

Corporate governance

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8.1. Board of Directors

Section 8.1.1 (Members, conditions for the preparation and organization of the work of the Board of Directors), Subsection 8.1.2.2 (paragraph discussing the restrictions placed by the Board on the powers of the Chairman and Chief Executive Officer) and Section 8.4 (Internal control) constitute the Chairman's report to the Shareholders' Meeting as per the provisions of Article L. 225-37 of the French Commercial Code.

The aim of this report, prepared by the Chairman of the Board of Directors, is to provide an account of the Board's membership, the conditions governing the preparation and organization of its work during 2013, and the internal control and risk management procedures introduced by Faurecia.

The report also indicates any restrictions applied by the Board of Directors to the powers exercised by the Chairman and Chief Executive Officer and refers to the principles and rules

defined by the Board in order to determine the compensation and benefits of the corporate officers, the rules governing the participation of shareholders in Shareholders' Meetings as well as factors that may be relevant in the event of a tender offer.

It was prepared and drafted in accordance with the law of July 3, 2008 which amended various provisions of French corporate law to align them with European Community law and the AFEP/MEDEF Corporate Governance Code applicable to listed companies, which the Board of Directors has adopted as its reference framework and which can be viewed on the MEDEF's website (www.medef.fr).

Lastly, this report was approved by the Board of Directors at its April 16, 2014 meeting and was included in this Registration Document, which can be viewed on Faurecia's website at www.faurecia.com.

8.1.1. MEMBERS, CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

8.1.1.1. Members of the Board of Directors

According to the laws, regulations, and Articles of Association, the Board of Directors must be composed of at least three

members and no more than fifteen. The term of office has been five years since the General Meeting of May 26, 2011 and Faurecia's Board of Directors has been composed of thirteen members since the General Meeting of May 23, 2012.

As at December 31, 2013, the Board members are:

	Age	Nationality	Date of 1 st appointment	Date of last renewal	Expiry of term of office
Yann DELABRIÈRE	63	French	BM of November 18, 1996	GM of May 23, 2012	AGM of 2017 to approve the accounts for 2016
Éric BOURDAIS DE CHARBONNIÈRE	74	French	AGM of February 8, 2010	-	AGM of 2015 to approve the accounts for 2014
Jean-Baptiste CHASSELOUP DE CHATILLON	49	French	AGM of May 23, 2012	-	AGM of 2017 to approve the accounts for 2016
Jean-Pierre CLAMADIEU	55	French	AGM of May 29, 2007	GM of May 23, 2012	AGM of 2017 to approve the accounts for 2016
Lee GARDNER	67	American	AGM of February 8, 2010	-	AGM of 2015 to approve the accounts for 2014
Jean-Claude HANUS	67	French	BM of February 21, 2000	GM of May 26, 2011	AGM of 2016 to approve the accounts for 2015
Hans-Georg HÄRTER	68	German	AGM of May 26, 2010	-	AGM of 2015 to approve the accounts for 2014
Linda HASENFRATZ	47	Canadian	AGM of May 26, 2011	-	AGM of 2016 to approve the accounts for 2015
Ross McINNES	60	French and Australian	AGM of May 29, 2007	GM of May 23, 2012	AGM of 2017 to approve the accounts for 2016
Amparo MORALEDA	49	Spanish	AGM of May 23, 2012	-	AGM of 2017 to approve the accounts for 2016
Robert PEUGEOT	63	French	AGM of May 29, 2007	GM of May 23, 2012	AGM of 2017 to approve the accounts for 2016
Thierry PEUGEOT	56	French	BM of April 17, 2003	GM of May 26, 2011	AGM of 2016 to approve the accounts for 2015
Philippe VARIN	61	French	BM of April 9, 2009	GM of May 26, 2011	AGM of 2016 to approve the accounts for 2015

Yann Delabrière has been Faurecia's Chairman and CEO since February 16, 2007. He was reappointed as Chairman and CEO by the Board of Directors on May 23, 2012 for the duration of his term as director.

The Board of Directors brings together major managerial, industrial, and financial expertise. Board members contribute to the work and deliberations of the Board of Directors and specialised committees through their diverse experience in the automobile industry and other economic sectors in which

the Group does not operate. They also bring their international experience to the Group. They act in the best interests of all shareholders and are fully involved in defining Faurecia's corporate strategy to actively and effectively contribute to and support the decisions of the Board.

With the exception of the Chairman and CEO, no member of the Board of Directors holds a senior management or salaried position within a Group company.

The business address of Board members is that of Faurecia.



Neither the Articles of Association nor the Rules of Procedure contain rules for staggered terms of office.

Information regarding the expertise and experience of the members of Faurecia's Board of Directors and details of their terms of office and other positions held by them are provided in Subsection 8.1.2.1

8.1.1.1.1. INDEPENDENCE OF MEMBERS

The AFEP/MEDEF Code, which Faurecia follows, provides that at least one third of Board members must be independent in companies with controlling shareholders and half of the Board in other companies. At least two thirds of the members of the Audit Committee must be independent, and the Compensation Committee must have a majority of independent Board members.

The independence criteria provided for in the Code are as follows:

- not be or have been in the past five years an employee or corporate officer of the Company, employee or Board members of its parent company or a consolidated subsidiary;
- not be a corporate officer of a company in which the Company directly or indirectly holds the office of Board member or in which an employee appointed as such or a corporate officer of the Company (currently or who has held such an office for less five years) holds the office of Board member;

- not be a customer, supplier, investment banker, or financing banker:

- major for the Company or group, or
- for which the Company or group represents a significant share of business.

The assessment of the significant nature or not of the relationship with the Company or its group must be discussed by the Board and the criteria that led to this assessment explained.

- not have close family ties with a corporate officer;
- not have been company auditor in the past five years;
- has not been a company director for more than twelve years.

Regarding Board members representing major company shareholders, the Code specifies that they may be considered independent as long as they do not participate in controlling the Company. Above 10% of the share capital or voting rights, the Board should systematically review the independent status taking the Company's share capital and the existence of a possible conflict of interest into consideration.

The situation of Board members with regard to each of these criteria was reviewed by the Board of Directors on February 11, 2014 on the recommendation of the Appointments and Compensation Committee meeting of February 10, 2014.

The conclusions of the Board of Directors are provided in the summary table below:

REVIEW OF THE INDEPENDENCE OF BOARD MEMBERS BASED ON CODE INDEPENDENCE CRITERIA

	Is not or has not been in the past five years an employee or corporate officer of the Company, an employee or director of its parent company or a consolidated subsidiary	Is not a corporate officer of a company in which the Company directly or indirectly holds the office of board member or in which an employee appointed as such or a corporate officer of the Company (currently or who has held such an office for less 5 years) holds the office of board member
Éric BOURDAIS DE CHARBONNIÈRE	X	X
Jean-Baptiste CHASSELOUP DE CHATILLON		X
Jean-Pierre CLAMADIEU	X	X

Is not a customer, supplier, investment banker, or financing banker: <ul style="list-style-type: none"> • major for the Company or group • or for which the Company or group represents a significant share of business 	Does not have close family ties with a corporate officer	Has not been the Company's statutory auditor in the past five years	Has not been a company director for more than twelve years	Does not represent a shareholder who is involved in the control of the Company or its parent company	Situation
X	X	X	X	X	Independent
X	X	X	X		Not independent
Faurecia and Solvay (and Rhodia in the past) do not maintain significant relationships given the limited business dealings between the two companies.	X	X	X	X	Independent



	Is not or has not been in the past five years an employee or corporate officer of the Company, an employee or director of its parent company or a consolidated subsidiary	Is not a corporate officer of a company in which the Company directly or indirectly holds the office of board member or in which an employee appointed as such or a corporate officer of the Company (currently or who has held such an office for less 5 years) holds the office of board member
Yann DELABRIÈRE		X
	<p>Lee Gardner acted as Chairman and CEO of Emcon Technologies up to the date of the merger of this company with Faurecia in February 2010.</p> <p>Lee Gardner has not been entitled to make meaningful decisions of a managerial nature concerning Emcon Technologies from that date. Any such decisions taken before this date are not likely to have a material impact on the activity of the Faurecia Emissions Control Technologies Business Group in 2014.</p> <p>In 2014, programmes acquired by Emcon Technologies prior to the merger with Faurecia, if they are still active, relate to industrial production. The majority of current FECT programmes were acquired after the merger.</p> <p>There remains or are no conflicts, disputes, or events that occurred before February 2010 that might significantly impact the conduct of FECT business in 2014.</p> <p>As indicated in the 2010 Registration Document, the Board concluded that Lee Gardner was independent as of October 2010, following the sale by One Equity Partners of its 13% stake in the capital of Faurecia as the Board found that he no longer had any relationships that might compromise his independence with either Faurecia or a shareholder.</p>	
Lee GARDNER		X
Jean-Claude HANUS		X
Hans-Georg HÄRTER	X	X
Linda HASENFRATZ	X	X
Ross McINNES	X	X
Amparo MORALEDA	X	X
Robert PEUGEOT		X
Thierry PEUGEOT		X
Philippe VARIN		X

Is not a customer, supplier, investment banker, or financing banker: <ul style="list-style-type: none"> • major for the Company or group • or for which the Company or group represents a significant share of business 	Does not have close family ties with a corporate officer	Has not been the Company's statutory auditor in the past five years	Has not been a company director for more than twelve years	Does not represent a shareholder who is involved in the control of the Company or its parent company	Situation
X	X	X		X	Not independent
X	X	X	X	X	Independent
X	X	X		X	Not independent
X	X	X	X	X	Independent
X	X	X	X	X	Independent
X	X	X	X	X	Independent
X	X	X	X		Not independent
X	X	X	X		Not independent
X	X	X	X		Not independent



Therefore, the Board of Directors of Faurecia has more than one third of independent members according to the criteria of the AFEP/MEDEF Code.

8.1.1.1.2. GENDER BALANCE ON THE BOARD OF DIRECTORS

On December 31, 2013, the Board of Directors had two female members.

The composition of the Board of Directors was therefore not consistent with provisions of equal representation of women and men on boards of directors under the AFEP/MEDEF Code on that date.

The appointment of a third female director will be submitted to the vote of the shareholders at the May 27, 2014 AGM.

8.1.1.2. Missions of the Board of Directors

The Board of Directors is responsible for determining the strategic, economic, and financial aspects of Faurecia's and the Group's business strategy. It oversees their implementation.

With the exception of the powers expressly assigned to Shareholders' Meetings and within the scope of the corporate purpose, the Board will take up any matter concerning the proper operation of Faurecia and, through its deliberations, deal with matters within its purview, at the Chairman's initiative. In particular, this includes all strategic issues concerning Faurecia and the Group.

The Board's rules of procedure, which can be consulted by shareholders at the Company's head office or on Faurecia's website, www.faurecia.fr, detail the missions of the Board of Directors and its committees. They describe the Board's *modus operandi* and its role in the management of Faurecia and the Group in compliance with the law and the Articles of Association. They specify the rights and responsibilities of Board members, particularly regarding the prevention of conflicts of interest, the holding of multiple offices, and the need for strict confidentiality in deliberations as well as diligence in taking part in the Board's work. They also set out the rules governing transactions made on Faurecia's shares, as recommended by the French Financial Markets Authority (AMF).

In order for it to properly exercise its functions, the Board of Directors has included the following requirements in its rules of procedure:

- (i) the Chairman, assisted by the Board Secretary, shall be responsible for sending any useful information to the other Board members;
- (ii) where items on the agenda at a Board or Committee meeting require specific analysis or review, information and/or documentation on the issues concerned shall be provided on a timely basis prior to the Meeting;

(iii) the Board shall be regularly informed of any significant events affecting Faurecia's affairs;

(iv) the Board is authorised to make use of video or teleconference equipment on an exceptional basis, provided that at least four directors, including the Chairman, attend the Meeting in person at the venue specified in the notice of meeting to facilitate deliberations between members and, in certain cases, decision-making.

Lastly, the Board is free to decide how to exercise Faurecia's management. This can be assumed, under its responsibility, either by the Chairman of the Board himself or by another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

Since the Board meeting on September 8, 2006 and confirmed by the Board meeting on February 16, 2007, the positions of Chairman and Chief Executive Officer of Faurecia have been combined.

8.1.1.3. Organisation and report on the work of the board and its committees in 2013

The Board of Directors is convened by its Chairman, who sets the agenda for each meeting. To prepare as best as possible the decisions falling under its responsibilities, Faurecia's Board of Directors has set up three committees:

- Audit Committee;
- Strategy Committee;
- Appointments and Compensation Committee.

8.1.1.3.1. THE BOARD'S WORK IN 2013

The Board of Directors met six times in 2013 with an attendance rate of 100%.

At each of its meetings, the Board took note of the Group's operating results and business perspectives and results. The Board of Directors examined and approved the annual consolidated company account for 2012 on February 11, 2013 and the consolidated accounts for the first half of 2013 on July 24, 2013.

The Group's 2013-2017 medium-term plan was discussed at the meeting on July 24, 2013. The half-year review of the 2013 budget and the 2014 budget were respectively presented on July 24, 2013 and December 18, 2013.

The Board paid particular attention to the turnaround of the Group's financial position and cash generation. As such, it had approved the plans submitted by the Management in early 2013 and closed monitored their implementation during the year. The plan for the recovery of the Group's operational performance in North America was closely monitored and the Board validated the organisational changes made in September 2013 with the appointment of an executive committee member in charge of North America.

The strategy of the four Business Groups was discussed at the meeting on October 16, 2013.

The Board meeting approved the Registration Document on April 18, 2013 and called a Combined General Meeting for May 30, 2013. In this regard, the Board decided to submit to the Meeting the reappointment of the primary and alternate auditors and the renewal of financial delegations authorised by the General Meeting on May 30, 2012 and used during 2013. These delegations were renewed for the same amounts and limits as those currently existing. Authorisation to grant free performance shares was also requested.

On the basis of this authorisation, the Board decided to implement a fifth free performance share allocation plan on July 24, 2013.

Finally, the Board reviewed plans to renew the Executive Committee on several occasions during the year to approve the changes made in 2013 and prepare the next steps.

8.1.1.3.2. THE AUDIT COMMITTEE

Composition

The Audit Committee is governed by its rules of procedure which provide that Committee members must be selected from among the Board members and that they may not use proxies. The term of office of Committee members is the same as that of their term of office as Board members.

Under these rules of procedure, Committee members must all be members of Faurecia's Board of Directors who do not also hold an executive management position and at least one member must show evidence of specific skills in finance or accounting and be independent as defined in the AFEP/MEDEF Code.

The Audit Committee currently has four members: Éric Bourdais de Charbonnière, Jean-Baptiste Chasseloup de Chatillon, Ross McInnes, Amparo Moraleda, all of whom have proven financial or accounting experience and expertise.

It is chaired by Ross McInnes.

The Committee has three independent members, one of whom is its Chairman. The number of independent members is therefore two-thirds of Committee members, as recommended in the AFEP/MEDEF Code.

Mission

The Audit Committee's general mission is to assist the Board of Directors in monitoring the preparation and verification of accounting and financial information.

More specifically, its role is to conduct an in-depth review of the interim and annual financial statements, the Group's most significant financial transactions, and its reporting schedules. It also monitors off-balance sheet commitments and factors that enable the Group's risks to be assessed.

In particular, the Committee is responsible for preparing the Board meetings held to review the interim and annual financial statements and for informing the Board on these subjects. To that end, it reviews the financial statements before they are submitted to the Board and issues an opinion on:

- the application and relevance of the accounting policies and methods used, and reviews material risks;
- the appointment, fees, and audit programme of the auditors and issues relating to their independence.

As part of its review of the Company's consolidated financial statements, the Audit Committee ensures that the Management and the auditors formally approve accounting policies that have a significant impact on the presentation of the financial statements and that these accounting policies are presented to the Board of Directors. It also ensures that the main accounting options selected are explained and substantiated to the Board by the Management and reviewed by the auditors. Finally, the Committee ensures that the auditors have access to all the information they require for performing their duties and are given the means to relay any significant observations.

The Audit Committee also monitors the effectiveness of internal control and risk management systems. The Committee is given a presentation on these issues by the Head of Internal Audit once a year.

Lastly, the Committee also ensures the independence of Statutory Auditors.

Organisation and activity report

The Audit Committee should meet at least twice a year, prior to the closing of the annual and interim financial statements.

In 2013, it met four times with an attendance rate of 100%.

The main aim of the Committee meeting held on February 11, 2013 was to examine the 2012 consolidated financial statements, review the cash position, and assess compliance with the bank covenants of the Group's main financing arrangements.

The Committee meeting of April 16, 2013 was dedicated to discussing the Internal Audit department's report for 2013 and reviewing the Audit Plan for 2013. The Committee also reviewed cross group risks and the management by the Functional Risk Committee.

The Committee examined the Group's interim financial statements and cash position on July 24, 2013.

Lastly, the meeting of December 13, 2013 was mainly focused on reviewing the 2014 budget, discussing the options for the 2013 financial statements, and the auditors' presentation of the 2013 "hard close" audit.



At each of its meetings, the Committee reviewed the Group's cash position, financing, and liquidity.

During its various meetings, the Audit Committee was also given presentations by the Group's Chief Financial Officer, the Head of the Internal Audit department, and the Head of the Accounting department. The Statutory Auditors gave their observations during each meeting.

The Chairman of the Committee submitted reports on the Committee's work to the Board of Directors on February 11, April 18, July 24, and December 18, 2013.

8.1.1.3.3. THE STRATEGY COMMITTEE

The Group's Strategy Committee was set up by the Board of Directors on October 15, 2009.

Composition

Strategy Committee members are selected from among the Board members. The term of office of Committee members is the same as that of their term of office as Board members.

The rules of procedure of the Strategy Committee provide for a minimum of three members. The Chairman of the Board of Directors and the Chief Executive Officer, provided that they are a board member, are members of the Strategy Committee as of right.

The Board of Directors appoints a Committee Chairman from among its members for a term identical to that of their term of office.

The rules of procedure of the Strategy Committee provide that at least one Committee member must be independent as defined in the Corporate Governance Code.

The Strategy Committee is currently composed of four members: Yann Delabrière, Lee Gardner, Hans-Georg Härter, and Philippe Varin. It is chaired by Philippe Varin. The Strategy Committee therefore includes two independent directors.

Mission

As part of its general mission to analyse the Group's overall strategic vision, the Strategy Committee prepares the matters to be discussed by the Board of Directors. It issues proposals, opinions, and recommendations on:

- the Group's strategic and medium-term plans;
- plans to acquire new businesses, including acquisitions of both assets and companies;
- plans to dispose of assets, companies, or equity interests belonging to the Group;
- plans to set up joint ventures with partners.

To fulfil its mission, the Strategy Committee may call on external auditors or any other experts that may be internal or external to the Group and on the Chairman of Faurecia's Audit Committee to report on any issue relating to investments, risks, and the impact on the Group's financing in relation to projects submitted to it.

Organisation and activity report

The Committee must meet at least twice a year.

In 2013, the Strategy Committee met four times with an attendance rate of 100%.

During these three meetings, the Committee reviewed the strategy of the Group and the four Business Groups, the Group's 2013-2017 medium-term plan, and the Group's strategic development opportunities. In particular, the cooperation agreement with Magneti Marelli for the design, development, and manufacture of human-machine interface (HMI) products for vehicle interiors announced on November 19, 2013 and a cooperation agreement with a specific vehicle manufacturer were reviewed.

8.1.1.3.4. THE APPOINTMENTS AND COMPENSATION COMMITTEE

Composition

The members of the Appointments and Compensation Committee are all members of the Board of Directors. They are appointed in their personal capacity and may not use proxies. The term of office of Committee members is the same as that of their term of office as Board members.

The Nominations and Compensation Committee has four members: Jean-Pierre Clamadieu (Chairman), Jean Claude Hanus, Linda Hasenfratz, and Amparo Moraleda. This means that a majority of members are independent. Moreover, the Committee is chaired by an independent member and there are no corporate officers, in accordance with the AFEP/MEDEF Code.

Mission

The role of the Appointments and Compensation Committee is to prepare matters for the Board's discussion, notably regarding (i) the selection and appointment of new Board members, (ii) corporate officers' compensation, (iii) setting the terms and performance conditions applicable to stock option and performance share plans for corporate officers, and (iv) the periodic review of board member compensation. It coordinates and monitors the assessment duties of the Board of Directors. It takes part in major decisions regarding membership and reappointment of the Group's Executive Committee and determines its compensation.

Organisation and activity report

The Appointments and Compensation Committee must meet at least twice a year.

In 2013, it met four times with an attendance rate of 94%.

At its meeting on February 5, 2013, the Committee made proposals regarding the Chairman and Chief Executive Officer's fixed remuneration for 2013 together with setting the amount of his variable remuneration for 2012 and the criteria to determine the variable portion of his compensation for 2013.

The Committee meetings on April 10 and May 29, 2013 specifically discussed the conditions for awarding performance shares to ensure that executives and key managers have a stake in the Group's medium-term performance.

The Committee meeting on October 14, 2013 examined the composition of the Board and the reappointment of members, senior management renewal plans, and the implementation of the new AFEP/MEDEF Governance Code including the "Say on Pay" for corporate officers and the representation of employees as provided by law on employment protection of June 14, 2013. It also reviewed the independence of the Board of Directors and their remuneration for 2013 and 2014 to validate the changes made in 2013 and to prepare for subsequent steps. Finally, Executive Committee renewal plans were reviewed by the committee throughout the year.

8.1.1.4. Assessment of the Board of Directors

The Board of Directors carried out an assessment of its work in line with the AFEP/MEDEF Corporate Governance Code.

The results of an audit carried out in 2013, based on a questionnaire, were presented to the Appointments and Compensation Committee on April 14, 2014 and the Board of Directors on April 16, 2014.

The questionnaire covered the following points: the expectations of Board members and, in this regard, their assessment of the implementation of the recommendations of the 2012 assessment that was carried out with the assistance of an outside consultant; the organisation and operation of the board covering in particular the subject of information and interaction between the board and committees; the scope of topics covered by the board and working methods; and relations between the board and senior management.

Members were also asked to share their appreciation of governance and assess their personal contribution to the work of the Board and, where appropriate, committees.

Overall the directors were satisfied with the implementation of the recommendations arising from the 2012 review. The directors are of the view that they have a good understanding of the business and operations.

The Directors will reinforce their focus on matters of strategy, both as regards operational matters and the market's perception of Faurecia as a listed company. The Directors will also continue

to focus on executive management reviews, including through the continued holding of Board meetings internationally. Finally the Directors will devote additional time on risk assessment and risk management and matters of internal control.

8.1.1.5. Restrictions on the powers of the Chairman and Chief Executive Officer placed by the Board

This information can be found in Subsection 8.1.2.2 of this Registration Document.

8.1.1.6. Principles of remuneration of Corporate Officers

The determination of fixed and variable remuneration, compensation criteria, and benefits in kind granted to corporate officers as well as a comparison of compensation awarded in past years are detailed in Chapter 8.

8.1.1.7. Factors that could impact a public offering

The information required under Article L. 225-100-3 of the French Code of commerce is provided in Sections 8.1.1, 10.3.2, and in Subsections 10.4.2.1 and 10.4.2.2 of the Registration Document.

8.1.1.8. Shareholder participation in Shareholders' Meetings

The specific rules governing the participation of shareholders in Shareholders' Meetings are described in Articles 22 and 23 of Faurecia's Articles of Association, which may be consulted on www.faurecia.com, and in Chapter 10 of the Registration Document.

In light of the foregoing, Faurecia deviates from the recommendations in the AFEP/MEDEF Code on two aspects regarding the length of terms of office of Board members and the composition of the Board in terms of gender balance.



AFEP/MEDEF Code Recommendation	Reasons for non-compliance
<p>Recommendation 14, paragraph 1: The term of office for Board members set by the Article of Association should not exceed four years</p>	<p>The term of office of Board members is currently set at five years in Article 11 of the Articles of Association. This term of office makes it possible, in the opinion of the Board of Directors, to reconcile the recommendations set out in the AFEP/MEDEF Code as regards providing shareholders with the opportunity to give their opinion with sufficient regularity on the appointment of Board members and the requirements regarding permanence and long-term involvement required in the automotive industry. This term effectively better reflects the average production and marketing cycles for vehicle manufacturer ranges. Therefore, Faurecia develops products specifically for new vehicle models and generally enters into contracts to supply these products for the anticipated lifespan of these models (typically between five and ten years).</p>
<p>Recommendation 6.4: Each Board shall achieve and maintain a percentage of at least 20% of female members within 3 years from April 2010.</p>	<p>As at December 31, 2013 the Board of Directors only had two female members; therefore Faurecia is not compliant with the Code's recommendation opposite. The appointment of a third female director will be submitted to the vote of the shareholders at the May 27, 2014 AGM.</p>

8.1.2. MEMBERS OF FAURECIA'S BOARD OF DIRECTORS

8.1.2.1. Information on Board members

The Company has no directors representing employee shareholders, regular employees and no censor.

Apart from the Chairman and Chief Executive Officer, no member of the Board of Directors holds a senior management or other salaried position within Faurecia or a company that is directly or indirectly controlled by Faurecia.

The only directors with a family connection were Thierry Peugeot and Robert Peugeot. There are no other family ties between Faurecia's other corporate officers.

No director has been convicted of any fraudulent offense, none has managed a company that has filed for bankruptcy or gone into receivership or liquidation in the past five years, and none has received a definitive official public incrimination and/or sanction by statutory or regulatory authorities. None of them has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of an issuer in the past five years.

EXPERTISE, POSITIONS AND DIRECTORSHIPS

Directors	Directorships/Positions
<p>Yann DELABRIÈRE</p> <p>Mr. Yann Delabrière has held various positions within the Finance departments of several major manufacturing groups. He joined the PSA Peugeot Citroën group in 1990 where he held the position of Chief Financial Officer and member of the Executive Committee from 1998 to 2007.</p> <p>He has been a director of Faurecia since November 18, 1996 and has been the Chairman and Chief Executive Officer since February 16, 2007.</p>	<p>Within Faurecia</p> <ul style="list-style-type: none"> • Chairman and Chief Executive Officer of Faurecia • Member of the Strategy Committee <p>Outside Faurecia</p> <p>As of December 31, 2013, Mr. Yann Delabrière also held the following directorship:</p> <ul style="list-style-type: none"> • Director of Capgemini • Director of Société Générale <p>Over the past five years, Mr. Yann Delabrière has not held any directorships and positions that he no longer holds.</p>

Directors

Directorships/Positions

Éric BOURDAIS DE CHARBONNIÈRE

Mr. Éric Bourdais de Charbonnière joined JP Morgan in 1965, and went on to hold various positions within it. From 1987 to 1990 he was the Executive Vice-President, Head of Europe.

In 1990, he joined Michelin as Chief Financial Officer, and subsequently became a member of the Group Executive Council. He was Chairman of the Supervisory Board from September 2000 until May 17, 2013

Within Faurecia

- Director of Faurecia
- Member of the Audit Committee

Outside Faurecia

As of December 31, 2013, Mr. Éric Bourdais de Charbonnière also held the following directorships and positions:

- Member of the Supervisory Board of ODDO (France) and member of the Audit Committee

Over the past five years, Mr. Éric Bourdais de Charbonnière has also held the following positions, which he no longer holds:

- Chairman of the Supervisory Board of Michelin (France) and member of the Audit Committee
- Vice-Chairman of the Supervisory Board of ING Group
- Member of the Board of Directors of Thomson S.A. (France)

Jean-Baptiste CHASSELOUP DE CHATILLON

Mr. Jean-Baptiste Chasseloup de Chatillon has held financial and sales functions within the PSA Peugeot Citroën group since 1989.

He is currently Chief Financial Officer of the PSA Peugeot Citroën group and a member of the Management Board of Peugeot S.A.

Within Faurecia

- Director of Faurecia
- Member of the Audit Committee

Outside Faurecia

As of December 31, 2013, Mr. Jean-Baptiste Chasseloup de Chatillon also held the following directorships and positions:

- Chief Financial Officer of the PSA Peugeot Citroën group
- Member of the Executive Board of Peugeot S.A. (France)*
- Chairman of the Board of Directors of Banque PSA Finance
- Director of Automobiles Citroën (France)
- Member of the Supervisory Board of Gefco (France)
- Permanent representative of Peugeot S.A., director of Automobiles Peugeot (France)
- Vice-Chairman and Chief Executive Officer of PSA International S.A. (France)
- Director of Dongfeng Peugeot Citroën Automobiles Company Ltd (China)
- Director of Changan PSA Automobiles Co., Ltd (China)

Over the past five years, Mr. Jean-Baptiste Chasseloup de Chatillon has also held the following directorships and positions, which he no longer holds:

- Director of Gefco
- Chairman of the Supervisory Board of Peugeot Finance International NV
- Permanent representative of Citroën Belux, director of PSA Finance Belux
- Director of Peugeot Citroën Automobiles (France)
- Permanent representative of CCFA with the Board of Directors of Auto Moto Cycle promotion
- Director of PCMA Holding B.V. (Netherlands)

* Listed company.



Directors
Jean-Pierre CLAMADIEU

Mr. Jean-Pierre Clamadieu was in charge of various divisions of Rhodia, also serving as its Chief Executive Officer from October 2003 to March 2008, and then as its Chairman and CEO until October 2011.

He has been Chief Executive Officer of Solvay since May 8, 2012.

Directorships/Positions**Within Faurecia**

- Director of Faurecia
- Member of the Appointments and Compensation Committee

Outside Faurecia

As of December 31, 2013, Mr. Jean-Pierre Clamadieu also held the following directorships and positions:

- Chief Executive Officer of Solvay (Belgium)
- Director of AXA* (France)
- Director of Solvay S.A. (Belgium)
- Director of Solvay Finance S.A. (Luxembourg)
- Director of Solvay Iberica S.L. (Spain)
- Director of Solvay Quimica S.L. (Spain)
- Director of Solvay America, Inc. (United States)

Over the past five years, Mr. Jean-Pierre Clamadieu has also held the following directorships and positions, which he no longer holds:

- Deputy Chief Executive Officer of Solvay (Belgium) until May 8, 2012
 - Chairman of the Board of Directors of Rhodia (France) until February 12, 2013
 - Chairman and Chief Executive Officer of Rhodia (France) until October 27, 2011
 - Director of SNCF (France) until December 31, 2012
 - Member of the Supervisory Board of Solvay GmbH (Germany) until December 31, 2013
-

Lee GARDNER

Mr. Lee Gardner joined One Equity Partners in 2001 after a career in the industry, that is fifteen years at Borg Warner Corporation and fifteen years at MascoTech, Inc. In 2008, he became Chairman and CEO of Emcon Technologies, a member of the OEP group, a position he relinquished following the sale of Emcon Technologies to Faurecia.

He is now Partner and Managing Director of One Equity Partners.

Within Faurecia

- Director of Faurecia
- Member of the Strategy Committee

Outside Faurecia

As of December 31, 2013, Mr. Lee Gardner also held the following directorship:

- Partner and Managing Director of One Equity Partners
- Director and Chairman of the Board of Directors of Strike LLC
- Director of OEP East Balt I LP
- Member of the Supervisory Board of Smartrac N.V.

Over the past five years, Mr. Lee Gardner has also held the following directorships and positions, which he no longer holds:

- Director and Chairman and Chief Executive Officer of Emcon Technologies
 - Director of OEP Precision Holdings LLC
 - Director of Polaroid Inc.
 - Director of Mauser - Werke GmbH
 - Director and Chairman of Progress Rail
-

* Listed company.

Directors	Directorships/Positions
<p>Jean-Claude HANUS</p> <p>Mr. Jean-Claude Hanus has spent his entire career with the Peugeot S.A. group, where he was director of Legal Affairs and then Company Secretary until September 30, 2011, when he retired.</p>	<p>Within Faurecia</p> <ul style="list-style-type: none"> • Director of Faurecia • Member of the Appointments and Compensation Committee <p>Outside Faurecia</p> <p>As of December 31, 2013, Mr. Jean-Claude Hanus also held the following position:</p> <ul style="list-style-type: none"> • Non-Executive Chairman of Pole Mov'eo since June 7, 2011 <p>Over the past five years, Mr. Jean-Claude Hanus has also held the following directorships and positions, which he no longer holds:</p> <ul style="list-style-type: none"> • Company Secretary and director of Legal Affairs of Peugeot S.A. • Director of Association Auxiliaire de l'Automobile • Director of Automobiles Peugeot • Director of Compagnie Générale de Crédit aux Particuliers - Crédipar • Permanent representative of Peugeot S.A. on the Board of Directors of Banque PSA Finance • Permanent representative of Peugeot S.A. on the Board of Directors of Gefco S.A. • Chairman of DJ6 • Chairman of Grande Armée Participations • Director of Peugeot Citroën Automobiles España S.A. • Director of PCMA Holding B.V. • Director and Chairman of the Board of Directors of Automobiles Citroën • Permanent representative of Peugeot S.A. on the Board of Directors of Automobiles Citroën • Director of Comité des Constructeurs Français Automobiles
<p>Hans-Georg HÄRTER</p> <p>Mr. Hans-Georg Härter spent his entire career with the ZF Group, which he joined in 1973.</p> <p>He held the position of Chief Executive Officer of ZF Friedrichshafen AG from January 2007 to May 2012, when he retired.</p>	<p>Within Faurecia</p> <ul style="list-style-type: none"> • Director of Faurecia • Member of the Strategy Committee <p>Outside Faurecia</p> <p>As of December 31, 2013, Mr. Hans-Georg Härter also held the following directorships and positions:</p> <ul style="list-style-type: none"> • Founder of HGH Consulting • Member of the Supervisory Board of Klingelberg AG • Member of the Board of the Zeppelin University Friedrichshafen Foundation • Member of the Board of Association Deutsche Wissenschaft e.G. • Member of Institut Deutsche Wissenschaft • Member of the Advisory Committee of Unterfränkische Überlandzentrale e.G. • Director of Axega GmbH • Director of Altran S.A. (France) • Member of the Supervisory Board of Kiekert AG • Member of the Supervisory Board of Knorr-Bremse AG <p>Over the past five years, Mr. Hans-Georg Härter has also held the following directorships and positions, which he no longer holds:</p> <ul style="list-style-type: none"> • Chief Executive Officer of ZF Friedrichshafen AG • Member of the Supervisory Board of ZF Getriebe GmbH, Saarbrücken • Member of the Supervisory Board of ZF Lemförder GmbH, Lemförde • Member of the Supervisory Board of ZF Passau GmbH, Passau • Member of the Supervisory Board of ZF Sachs AG, Schweinfurt • Member of the Supervisory Board of Verband der Automobilindustrie (VDA)



Directors
Linda HASENFRATZ

Ms. 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 director since 1998.

Directorships/Positions
Within Faurecia

- Director of Faurecia
- Member of the Appointments and Compensation Committee

Outside Faurecia

As of December 31, 2013, Ms. Hasenfratz also held the following directorships and positions:

- Chief Executive Officer of Linamar Corporation (Canada)
- Director of Linamar Corporation (Canada)
- Vice-President of the Board of Governors, Royal Ontario Museum (Canada)
- Director of Canadian Imperial Bank of Commerce (CIBC) (Canada)
- Director of Original Equipment Manufacturers Association (USA)
- Director of the Canadian Council of Chief Executives (Canada)
- Member of the Catalyst Canadian Board of Advisors

Over the past five years, Ms. Hasenfratz has not held any directorships and positions that she no longer holds.

Directors

Ross McINNES

Mr. Ross McInnes held the position of Chief Financial Officer of Eridania Beghin-Say from 1991 to 2000, and became a director in 1999. He joined Thomson-CSF (Thalès) in 2000, as Senior Vice-President and Chief Financial Officer, before joining the PPR group in 2005, as Senior Vice-President Finance and Strategy. From 2007 to 2009 he held the position of Vice-Chairman of Macquarie Capital Europe. In March 2009 Mr. Ross McInnes joined the Safran group as Advisor to the Chairman of the Management Board. In June 2009 he then became Chief Operating Officer responsible for Economic and Financial Affairs. He was a member of the Executive Board from July 2009 to April 2011.

On April 21, 2011 he was appointed Deputy Managing Director responsible for Economic and Financial Affairs by Safran's Board of Directors.

Directorships/Positions

Within Faurecia

- Director of Faurecia
- Member and Chairman of the Audit Committee

Outside Faurecia

As of December 31, 2013, Mr. Ross McInnes also held the following directorships and positions:

- Deputy Managing Director responsible for Economic and Financial Affairs at Safran*
- Director of Messier-Bugatti-Dowty
- Permanent representative on the Board of Directors of Soreval (Luxembourg) (company represented: Établissements Vallaroche)
- Director of Aircelle
- Director of Morpho
- Director of Snecma
- Director of Turbomeca
- Director of Safran USA, Inc. (United States)
- Director of Financière du Planier
- Permanent Representative on the Board of Directors of Générale de Santé S.A.* (Company represented: Europe Investissements Sarl)
- Permanent representative of the Board of Directors of Santé S.A. (Luxembourg) (company represented: Santé Europe Investissements Sarl)
- Member of the Audit Committee of Générale de Santé S.A.*
- Director of Eutelsat Communications*
- Chairman of Eutelsat Communications' Audit Committee*

Over the past five years, Mr. Ross McInnes has also held the following directorships and positions, which he no longer holds:

- Member of the Executive Board of Safran
- Director of Vallaroche Conseil
- Permanent representative on the Board of Directors of Établissements Vallaroche (company represented: Safran)
- Director of Limoni SpA (Italy)
- Director of Sagem Défense Sécurité
- Director of Globe Motors, Inc. (United States)
- Director of SME
- Director of Messier-Dowty S.A.
- Permanent representative on the Board of Directors of Messier-Dowty S.A. (company represented: Safran)
- Director of Santé S.A. (Luxembourg)
- *Chairman* of Chartreuse & Mont-Blanc SAS
- Vice-Chairman of Macquarie Capital Europe Ltd (UK)
- Director of Macquarie Autoroutes de France SAS
- Director of Eiffarie SAS
- Director of Société des Autoroutes Paris-Rhin-Rhône
- Director of AREA and Adélac SAS
- Director of Chartreuse & Mont-Blanc Global Holdings SCA (Luxembourg), Chartreuse & Mont-Blanc GP SARL (Luxembourg) and Chartreuse & Mont-Blanc Holdings Sarl (Luxembourg)
- Director of Bienfaisance Holding
- Member of the Supervisory Board of Générale de Santé
- Member of the Supervisory Board of Pisto SAS
- Permanent representative on the Board of Directors of La Financière de Brienne (company represented: Établissements Vallaroche)
- Censor at the Board of Générale de Santé S.A.

* Listed company.



Directors
Amparo MORALEDA

Ms. Amparo Moraleda is an engineering graduate from ICAI (*Escuela Técnica Superior de Ingeniería Industrial*) in Madrid and has an MBA from the Madrid IESE Business School.

From January 2009 until February 2012, she was Chief Operating Officer - Iberdrola S.A. International Division (one of the main producers of renewable energy worldwide).

From 1988 to 2008, she held various positions at the IBM group, which she joined as Systems Engineer. From June 2001 to June 2005, she was, most notably, General Manager of IBM Spain and Portugal. Between June 2005 and December 2008, she was General Manager of IBM for Spain, Portugal, Greece, Israel and Turkey.

Directorships/Positions
Within Faurecia

- Director of Faurecia
- Member of the Appointments and Compensation Committee

Outside Faurecia

As of December 31, 2013, Ms. Amparo Moraleda also held the following directorships and positions:

- Member of the Board of Directors of Meliá Hotels International S.A. (Spain)
- Member of the Supervisory Board of CSIC (Consejo Superior de Investigaciones Científicas) (Spain)
- Member of the Board of Directors of Solvay S.A.*
- Member of the Board of Directors of Alstom S.A.*
- Member of the Board of Directors of Corporación Financiera Alba S.A.*

Over the past five years, Ms. Amparo Moraleda has also held the following directorships and positions, which she no longer holds:

- Chief Operating Officer - International Division of Iberdrola S.A.
 - Member of the Board of Directors of Acerinox, S.A.
-

Thierry PEUGEOT

Mr. Thierry Peugeot has been Chairman of the Supervisory Board of Peugeot S.A. since the end of 2002.

A graduate of ESSEC Business School, Mr. Thierry Peugeot began his career at Groupe Marrel as Export Manager for the Middle East and English-speaking Africa, then as director of Air Marrel America. In 1988, he joined PSA Peugeot Citroën as head of the Southeast Asia region for Automobiles Peugeot. He was initially Area Manager for South-East Asia at Automobiles Peugeot, before becoming CEO of Peugeot do Brasil and CEO of SLICA (Peugeot's main sales subsidiary) in Lyon. In 2000 he was appointed Head of International Key Accounts at Automobiles Citroën. He subsequently became director of Services and Parts for Citroën and a member of the Group's Management Committee. In December 2002, he was appointed Chairman of the Supervisory Board of Peugeot S.A.

Within Faurecia

- Director of Faurecia

Outside Faurecia

As of December 31, 2013, Mr. Thierry Peugeot also held the following directorships and positions:

- Chairman of the Supervisory Board of Peugeot S.A.* (France)
- Member of the Appointments, Compensation and Governance Committee of Peugeot S.A.* (France)
- Vice-Chairman and Chief Operating Officer of Établissements Peugeot Frères (France)
- Vice Chairman and Member of the Supervisory Board of Gefco (France)
- Director of Société Anonyme de Participations (SAPAR) (France)
- Director and member of the Finance and Audit Committee of L'Air Liquide S.A.* (France)
- Director of Compagnie Industrielle de Delle (CID) (France)
- Permanent representative of CID on the Board of Directors of LISI (France)
- Member of the Compensation Committee of LISI* (France)
- Director and member of the Finance and Audit Committee of FFP* (France)
- General Manager of SCI du Doubs (France)

Over the past five years, Mr. Thierry Peugeot has also held the following directorships, which he no longer holds:

- Director of Française de Participation Financière
-

* Listed company.

Directors

Robert PEUGEOT

Mr. Robert Peugeot is Chairman and CEO of FFP.

Robert Peugeot studied at the *École Centrale de Paris* and INSEAD. He has held various senior positions within the PSA Peugeot Citroën group, and was a member of the Group Executive Committee from 1998 to 2007, holding the position of Vice-President, Innovation and Quality. He has been a member of the Supervisory Board of Peugeot S.A. since February 2007 and a member of the Finance and Audit Committee and chair of the Strategy Committee since December 2009. He has been Chairman and CEO of FFP since 2003.

Directorships/Positions

Within Faurecia

- Director of Faurecia

Outside Faurecia

As of December 31, 2013, Mr. Robert Peugeot also held the following directorships and positions:

- Chairman and Chief Executive Officer of FFP* (France)
- Member of the Supervisory Board of Peugeot S.A.* (France)
- Member of the Supervisory Board of Hermès International* (France)
- Member of the Supervisory Board of IDI Emerging Markets S.A. (Luxembourg)
- Permanent representative of FFP Invest on the Supervisory Board of Zodiac Aerospace* (France)
- Director of Sanef (France)
- Director of Imerys* (France)
- Director of Holding Reinier SAS
- Director of Établissements Peugeot Frères (France)
- Director of Sofina* (Belgium)
- Director of DKSH AG* (Switzerland)
- Permanent representative of FFP Invest, Chairman of Financière Guiraud SAS (France)
- Manager of SC Rodom
- Manager of Sarl CHP Gestion
- Permanent representative of FFP, Chairman of FFP Invest

Over the past five years, Mr. Robert Peugeot has also held the following directorships and positions, which he no longer holds:

- Chairman and Chief Executive Officer of Simante SL
- Director of Fomento de Construcciones y Contratas S.A. (FCC)
- Director of LFPF (La Française de Participations Financières)
- Director of Immeubles et participations de l'Est
- Director of Alpine Holding
- Director of Waste Recycling Group Ltd
- Director of B-1998, SL
- Director of FCC Construcción S.A.

Philippe VARIN

Mr. Philippe Varin is a graduate of *École Polytechnique* and *École des Mines de Paris*. He held different positions of responsibility within Pechiney group prior to his appointment as director of the Rhenalu division in 1995, and then as director of the Aluminum sector and member of the Executive Board in 1999. In 2003, he was named Chief Executive Officer of the Anglo-Dutch steel group Corus, which he left in April 2009 to join Peugeot S.A.

Within Faurecia

- Director of Faurecia
- Member and Chairman of the Strategy Committee

Outside Faurecia

As of December 31, 2013, Mr. Philippe Varin also held the following directorships and positions:

- Chairman of the Executive Board of Peugeot S.A.* (France)
- Director of Banque PSA Finance (France)
- Chairman of the Board of Directors of Peugeot Citroën Automobiles S.A. (France)
- Director of PCMA Holding B.V (Netherlands)
- Director of Compagnie de Saint Gobain* (France)

Over the past five years, Mr. Philippe Varin has also held the following directorships, which he no longer holds:

- Non-executive Director of BG group PLC
- Chairman of the Board of Directors of Gefco
- Director of Tata Steel Europe Ltd
- Director of Tata Steel Ltd
- Director of Tata Steel UK Ltd

* Listed company.



DIRECTOR SHAREHOLDINGS

Pursuant to the bylaws, each Board member must hold at least 20 Faurecia shares throughout his or her term of office.

As of December 31, 2013, directors held the following interests on the basis of a capital stock of €858,116,945 divided into 122,588,135 shares representing 186,396,103 theoretical voting rights and 186,351,941 exercisable voting rights.

	Number of shares	Percentage of share capital	Number of voting rights	Percentage of theoretical voting rights	Percentage of exercisable voting rights
Éric BOURDAIS DE CHARBONNIÈRE	100	0.00%	200	0.00%	0.00%
Jean-Baptiste CHASSELOUP DE CHATILLON	20	0.00%	20	0.00%	0.00%
Jean-Pierre CLAMADIEU	364	0.00%	728	0.00%	0.00%
Yann DELABRIÈRE	43,344	0.03%	49,638	0.03%	0.03%
Lee GARDNER	100	0.00%	100	0.00%	0.00%
Jean-Claude HANUS	100	0.00%	200	0.00%	0.00%
Hans-Georg HÄRTER	720	0.00%	1,440	0.00%	0.00%
Linda HASENFRATZ	100	0.00%	200	0.00%	0.00%
Ross McINNES	100	0.00%	200	0.00%	0.00%
Amparo MORALEDA	1,500	0.00%	1,500	0.00%	0.00%
Robert PEUGEOT	100	0.00%	200	0.00%	0.00%
Thierry PEUGEOT	628	0.00%	921	0.00%	0.00%
Philippe VARIN	20	0.00%	40	0.00%	0.00%
TOTAL	47,196	0.04%	55,387	0.03%	0.03%

CONFLICTS OF INTEREST

As provided for in the Board of Directors' internal regulations, each director must disclose to the Board any conflicts of interest (including any potential conflicts of interest) relating to issues on the agendas of Board meetings, and must refrain from taking part in the vote on the matters in question. No such situations arose in 2013.

Thus, to the best of the Company's knowledge and as of the date of drafting of this document, no conflicts of interest had been identified between the duties of each member of the Board of Directors and of executive management *vis-à-vis* the Company in their capacity as corporate officers and their personal interests or other duties.

To the best of the Company's knowledge and as of the date of drafting of this document, there were no arrangements or agreements concluded with major shareholders, customers or suppliers resulting in a member of the Board of Directors or executive management being appointed in that capacity.

To the best of the Company's knowledge and as of the date of drafting of this document, no restriction has been agreed to by members of the Board of Directors or of executive management regarding the disposal of their interests in the Company's capital stock.

Aside from regulated agreements, which are the subject of a report to the Shareholders' Meeting, no service agreement has been entered into between a member of the Board of Directors and Faurecia or any of its subsidiaries.

The Statutory Auditors' special report on regulated agreements and commitments can be found in Subsection 11.5.1 of this Registration Document.

The Board of Directors strengthened its rules relating to conflicts of interest by adopting a procedure regarding the use of inside information. This procedure provides that no transactions may be carried out involving the Company's shares until the related information has been made public. Directors and certain categories of personnel, who are all included in a regularly updated list, must disclose any trades they carry out in Faurecia's shares to the Company which then informs the markets.

On April 14, 2010, the Board of Directors modified its internal regulations for the purpose of:

- setting out situations where directors could encounter conflicts of interest and restating the confidentiality and discretion incumbent on directors with regard to information not in the public domain acquired during the course of their duties;

- setting up blackout periods during which directors are prohibited from carrying out transactions involving Faurecia shares, in particular periods during which interim or annual results or quarterly revenue are reported; directors are accordingly prohibited from trading on Faurecia securities (including derivatives), including through the exercise of stock options, during the following periods:
 - from the date of the annual December meeting of Faurecia's Board of Directors up to and including the third day following the announcement of Faurecia's annual results,
 - within 30 calendar days prior to the announcement of interim results, and up to and including the third day following the announcement, this deadline having been extended from 15 to 30 days by the Board meeting of April 14, 2011, and the internal regulations amended accordingly,
- within 15 calendar days prior to the publication of quarterly revenue and up to and including the third day following the announcement,
- throughout the period between the dates on which the Company (acting through its management) becomes aware of information that, if it became public, would be liable to have a significant impact on the share price of Faurecia, or the price of related financial instruments, and the date on which this information is made public. In the case of doubt on the nature of the information in its possession, each director may refer to the Group Chief Financial Officer, who has 24 hours to issue an opinion on the prospective transaction in his capacity as ethics officer;
- creating a position of Compliance Officer to facilitate the handling of securities transactions and sensitive information discussed by the Board.

TRANSACTIONS BY CORPORATE OFFICERS DURING THE PAST FINANCIAL YEAR

Declarant	No. and date of the AMF Notice/Decision	Financial instrument	Type of transaction	Date of transaction	Date of receipt of declaration	Transaction venue	Unit price	Amount of the transaction
Lee GARDNER	Decision No. 2013DD271696 of November 7, 2013	Equities	Sale	November 7, 2013	November 7, 2013	Euronext Paris	€22.9585	€622,201.99

DIRECTORS' COMPENSATION

Directors' compensation is paid in the form of attendance fees allocated by the Board of Directors. Total annual attendance fees were set at €400,000 by the Ordinary Shareholders' Meeting of May 27, 2003, and are apportioned among Board members.

At its meeting of April 14, 2010, the Board decided that as of January 1, 2010:

- the Chairman and Chief Executive Officer waives all attendance fees for his participation in Board or Committee meetings;
- members of the Board of Directors holding executive management or associate positions in a company that is a shareholder of the Group do not receive any attendance fees in respect of their position on Faurecia's Board of Directors.

At that meeting, Mr. Thierry Peugeot indicated that he would waive attendance fees for Faurecia.

In addition, at its meeting of December 18, 2013, the Board of Directors changed the rules for the apportionment of the fees that it had set on April 14, 2010. These new rules, which were applied to fees due in respect of the financial year 2013, are as follows:

- directors would receive a fixed portion of attendance fees amounting to €12,000 in recognition of their directorship position, and a variable portion of €2,400 for each Board meeting they attend;
- committee members receive a fixed portion of attendance fees amounting to €10,000 and a variable portion of €2,000 per relevant Committee meeting.



Directors received gross attendance fees in respect of 2012 and 2013 in the amounts detailed in the table below:

Attendance fees

TABLE 3 (NUMBERED AS PER AMF RECOMMENDATION NO. 2009-16 AS AMENDED ON DECEMBER 17, 2013)

Directors <i>Gross amounts in €</i>	Amount of attendance fees paid in 2012	Of which variable portion paid in 2012	Amount of attendance fees paid in 2013	Of which variable portion paid in 2013
Éric BOURDAIS DE CHARBONNIÈRE	37,500	18,500	44,400	22,400
Jean-Baptiste CHASSELOUP DE CHATILLON	0	0	0	0
Jean-Pierre CLAMADIEU	37,500	18,500	44,400	22,400
Yann DELABRIÈRE	0	0	0	0
Linda HASENFRATZ	35,500	16,500	42,400	20,400
Hans-Georg HÄRTER	35,500	16,500	44,400	22,400
Jean-Claude HANUS	37,500	18,500	44,400	22,400
Lee GARDNER	35,500	16,500	44,400	22,400
Ross McINNES	39,000	20,000	44,400	22,400
Amparo MORALEDA	22,000	10,000	58,400	26,400
Thierry PEUGEOT	0	0	0	0
Robert PEUGEOT	26,000	14,000	26,400	14,400
Philippe VARIN	0	0	0	0
TOTAL	306,000	149,000	393,600	195,600

Directors are not entitled to any termination benefits or deferred compensation for the loss of their corporate office.

The controlling company, Peugeot S.A., paid fixed and variable compensation as well as benefits in kind to the following officers who also hold a corporate office within Faurecia.

In his capacity as Chairman of the Executive Board of Peugeot S.A. since June 1, 2009, Mr. Philippe Varin received €1,302,904 in respect of 2013.

In his capacity as member of the Executive Board of Peugeot S.A., Mr. Jean-Baptiste Chasseloup de Chatillon received €620,904 in respect of 2013.

In his capacity as member of the Supervisory Board of Peugeot S.A., Mr. Thierry Peugeot received €425,000 in respect of 2013.

In his capacity as member of the Supervisory Board of Peugeot S.A., Mr. Robert Peugeot received €82,500 euros (€40,000 euros in attendance fees and €42,500 euros for his participation in committees) in respect of 2013.

Faurecia specifies that no compensation other than the attendance fees mentioned above was paid to any of its directors by the Company or its subsidiaries during the past year.

8.1.2.2. Information on corporate officers

Mr. Yann Delabrière has been Faurecia's Chairman and Chief Executive Officer since February 16, 2007. He is the Company's sole corporate officer.

RESTRICTIONS PLACED BY THE BOARD ON THE POWERS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board of Directors has entrusted its Chairman with responsibility for Faurecia's general management. The internal regulations of the Board of Directors, which may be consulted on Faurecia's website at www.faurecia.com, set out the manner in which the Board's responsibilities and those of the Chairman are to be exercised. The Chairman must obtain approval from the Board of Directors before carrying out any acquisition, disposal or joint venture project representing a total asset value of over €100 million and/or revenue in excess of €300 million. These regulations also state that the Board should be consulted on all Faurecia and Group strategic decisions at the Chairman's initiative. At its meeting of July 24, 2013, the Board of Directors authorized the Chairman and Chief Executive Officer to give sureties, endorsements or guarantees subject to an overall

ceiling of €50 million, with a limit of €10 million per transaction. If the Group is required to provide advance payment guarantees or performance bonds for contracts with successive performance commitments, the Chairman and Chief Executive Officer is authorized to provide guarantees representing a maximum of €5 million per transaction, subject to the same overall ceiling. Lastly, through its internal rules and within the scope of the applicable laws governing its activities, the Board has the powers to deal with all matters required for the efficient running of Faurecia.

COMPENSATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Faurecia complies with the AFEP/MEDEF Corporate Governance Code as regards the compensation of corporate officers of companies whose securities are admitted to trading on a regulated market.

The fixed compensation for Mr. Yann Delabrière, Chairman and Chief Executive Officer of Faurecia, in respect of 2013 was set at €700,000 by the Board of Directors on February 11, 2013, based on a recommendation by the Appointments and Compensation Committee on February 05, 2013. This compensation has remained unchanged since 2011.

At its meeting of February 11, 2013, the Board further decided that the variable portion of the Chairman and Chief Executive Officer's compensation for 2013 would represent 100% of his fixed compensation, subject to the full achievement of certain Group targets, and would be capped at 150% of his fixed compensation if said targets were exceeded.

The targets set by the Board are based on operating income, free cash flow and qualitative targets, and the contribution of each of them was determined at the same Board meeting as follows:

- operating income: 20%;
- free cash flow: 50%;
- qualitative objectives: 30%.

The target levels for the quantitative criteria were set by the Board based on the approved budgeted amount for operating income and above the budgeted amount for free cash flow. The qualitative targets related to the organization and management of operations of Faurecia North America, the establishment and implementation of succession plans for the Executive Committee and the implementation of policies and transactions approved by the Board in respect to the Group's ability to generate cash.

On the recommendation of the Appointments and Compensation Committee meeting of February 10, 2014, the Board, at its meeting of February 11, 2014, set Mr. Yann Delabrière's variable compensation in respect of 2013 at €700,000, as some targets had been achieved, others had been exceeded while others had not been met.

On the recommendation of the Appointments and Compensation Committee meeting of February 10, 2014, the Board also set Mr. Yann Delabrière's fixed compensation in respect of 2014 at €700,000, determined by reference to a panel of listed industry companies comparable with Faurecia in terms of size.

Although Mr. Yann Delabrière's fixed compensation is less than the average compensation emerging from this comparison, the Board of Directors, on the proposal of the Appointments and Compensation Committee, decided not to increase it.

At its meeting of February 11, 2014 the Board also laid down the rules for determining Mr. Yann Delabrière's variable compensation in respect of 2014.

The quantitative targets set by the Board are based on operating income and free cash flow, and the contribution of each of these targets was determined at the same Board meeting as follows:

- operating income: 40%;
- free cash flow: 60%.

In addition to these quantitative targets, qualitative targets were also defined.

If quantitative targets are fully or partially met, the level of achievement of qualitative targets will have a multiplier effect on the achievement of the quantitative targets ranging from 70 to 120%.

Thus, in the event that quantitative targets are equal to 0, the multiplier effect of qualitative targets will not come into play.

The target levels for quantitative criteria have been set based on budgeted amounts approved by the Board. The qualitative targets relate to the pursuing of changes in the organization and management of Faurecia North America, implementation of the new "Being Faurecia" culture, and dealing with internal control issues and information systems, notably regarding the full deployment of the SAP system.

Having waived any compensation in his capacity as member of the Board of Directors and member of the Strategy Committee, Mr. Yann Delabrière received no attendance fees for 2013.

Mr. Yann Delabrière did not receive or exercise any company stock options in 2013.

At its meeting of July 24, 2013, the Board approved performance share plan No. 5 as described in Table 6 below and resolved that the shares granted to Mr. Yann Delabrière would be subject to the same performance conditions as the shares granted to other members of Faurecia's Senior Management (these members are defined in Section 8.3 of this Registration Document).

To this end, the aforementioned decision of the Board of Directors made performance share plan No. 5 60% subject to an internal performance target based on pretax net income (before gains on disposals of assets and changes in the Group's structure) and 40% subject to an external target based on a comparison between the Company's earnings per share growth, measured between 2012 and 2015, and the average growth of a reference group comprising global automotive suppliers.

The Board also decided that Mr. Yann Delabrière should keep 30% of his grant until the expiry of his term of office, regardless of the number of times it is renewed.

If the maximum performance targets set out in plan No. 5 are achieved by the end of 2015, Mr. Yann Delabrière will be granted a maximum of 71,500 shares.



The benefits in kind granted to Mr. Yann Delabrière correspond to a company car for business use as well as the services of a driver.

Mr. Yann Delabrière is a member of the supplementary pension plan set up for all of Faurecia's managers in France, which comprises:

- a defined contribution plan relating to salary tranches A and B with total contributions representing 1% on tranche A and 6% on tranche B of the compensation without the beneficiary's contribution;

- a defined benefit plan relating to salary tranche C whose contribution rate corresponds to 1% of salary tranche C multiplied by the beneficiary's years of seniority within Faurecia. Further information on the supplementary pension plan can be found in Note 25-F to the consolidated financial statements.

Mr. Yann Delabrière is not entitled to any deferred compensation in the event that he loses his corporate office. He receives no other form of compensation.

The tables below provide an analysis of Mr. Yann Delabrière's compensation.

Only applicable tables are shown.

COMPENSATION, STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO MR. YANN DELABRIÈRE

TABLE 1 (NUMBERED AS PER AMF RECOMMENDATION NO. 2009-16 AS AMENDED ON DECEMBER 17, 2013)

	2012	2013
Compensation for the year (see Table 2)	€847,371.60	€1,407,371.60
Value of multi-year variable compensation earned during the year	-	-
Value of stock options granted during the year (see Table 4)	-	-
Value of performance shares granted during the year (see Table 6)	€435,080	€1,386,456
TOTAL	€1,282,451.60	€2,793,827.60

BREAKDOWN OF COMPENSATION RECEIVED BY MR. YANN DELABRIÈRE

TABLE 2 (NUMBERED AS PER AMF RECOMMENDATION NO. 2009-16 AS AMENDED ON DECEMBER 17, 2013)

	2012		2013	
	Amount due	Amount paid	Amount due	Amount paid
<i>(gross in €)</i>				
Fixed compensation	700,000	700,000.08	700,000	700,000.08
Annual variable compensation	140,000 ⁽¹⁾	393,400 ⁽²⁾	700,000 ⁽³⁾	140,000 ⁽⁴⁾
Multi-annual variable compensation	-	-	-	-
Exceptional bonus	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	7,371.60	7,371.60	€7,371.60	€7,371.60
TOTAL	€847,371.60	€1,100,771.68	€1,407,371.60	€847,371.68

(1) Amount due in respect of financial year 2012 and paid in 2013.

(2) Amount due in respect of financial year 2011 and paid in 2012.

(3) Amount due in respect of financial year 2013, to be paid in 2014.

(4) Amount paid in respect of financial year 2012.

STOCK OPTIONS GRANTED TO MR. YANN DELABRIÈRE BY FAURECIA AND OTHER GROUP COMPANIES

TABLE 4 (NUMBERED AS PER AMF RECOMMENDATION NO. 2009-16 AS AMENDED ON DECEMBER 17, 2013)

Mr. Yann DELABRIÈRE	Number and date of plan	Type of options (purchase or subscription)	Valuation of options based on the method used in the consolidated financial statements	Number of options granted (adjusted)	Adjusted exercise price	Exercise period	Performance criteria
	No. 17 – April 16, 2007	Subscription	911,090	48,000	44.69	04/17/2011 – 04/16/2017	-
	No. 18 – April 10, 2008	Subscription	603,624	60,000	28.38	04/10/2012 – 04/09/2016	-
TOTAL	-	-	1,514,714	108,000	-	-	

Mr. Yann Delabrière made a formal commitment not to hedge the risks associated with these options and the shares that would result from the exercise of these options.

No stock options were granted to Mr. Yann Delabrière by Faurecia or other group companies in 2013.

The total number of stock options granted to Mr. Yann Delabrière and outstanding as of December 31, 2013 represents 0.09% of Faurecia's capital stock at that date.



PERFORMANCE SHARES GRANTED TO MR. YANN DELABRIÈRE

TABLE 6 (NUMBERED AS PER AMF RECOMMENDATION NO. 2009-16 AS AMENDED ON DECEMBER 17, 2013)

Mr. Yann DELABRIÈRE	Number and date of plan	Max. number of shares granted during the period ⁽¹⁾	Value of shares by the method used for the consolidated financial statements	Grant date	Vesting date	Performance condition
Plan No. 1	Plan No. 1 of June 23, 2010	37,050	383,468	06/23/2012	06/23/2014	Net income before tax attributable to owners of the Company for the year ended December 31, 2011 before gains on disposals of assets and changes in the Group's structure ⁽²⁾ .
Plan No. 2	Plan No. 2 of July 21, 2010	37,050	399,514	07/21/2013	07/21/2015	Net income before tax attributable to owners of the Company for the year ended December 31, 2012 before gains on disposals of assets and changes in the Group's structure ⁽³⁾ .
Plan No. 3	Plan No. 3 of July 25, 2011	52,000	1,085,040	07/25/2014	07/25/2016	Net income before tax attributable to owners of the Company for the year ended December 31, 2013 before gains on disposals of assets and changes in the Group's structure.
Plan No. 4	Plan No. 4 of July 23, 2012	52,000	435,080	07/23/2015	07/23/2017	- Net income before tax attributable to owners of the Company for the year ended December 31, 2014 before gains on disposals of assets and changes in the Group's structure; and - Comparison between the Company's earnings per share growth between 2011 and 2014 and the average growth of a reference group comprising global automotive suppliers.
Plan No. 5	Plan No. 5 of July 24, 2013	71,500	1,386,456	07/24/2017	07/24/2017	- Net income before tax attributable to owners of the Company for the year ended December 31, 2015 before gains on disposals of assets and changes in the Group's structure; and - Comparison between the Company's earnings per share growth between 2012 and 2015 and the average growth of a reference group comprising global automotive suppliers.
GRAND TOTAL	-	249,600	3,689,558	-	-	-
TOTAL EXCLUDING PLAN 2 ⁽³⁾	-	212,550	3,290,044			

(1) The number of performance shares given in this table is the maximum number and corresponds to 130% of the number of shares used in the valuation.

(2) The maximum performance target for this plan was achieved.

(3) The performance target for Plan No. 2 was not achieved. Consequently, no actions were granted to Yann Delabrière under this plan.

Mr. Yann Delabrière made a formal commitment not to hedge the risks associated with the performance shares granted to him.

The total number of performance shares outstanding as of December 31, 2013 that might be granted to Mr. Delabrière represents 0.17% of Faurecia's capital stock at that date.

TABLE 11 (NUMBERED AS PER AMF RECOMMENDATION NO. 2009-16 AS AMENDED ON DECEMBER 17, 2013)

	Employment Contract		Supplementary pension plan		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
Mr. Yann DELABRIÈRE								
Position: Chairman and Chief Executive Officer								
Start of term: February 16, 2007		X	X*			X		X
End of term: Shareholders' Meeting held in 2017								

* *Supplementary pension plan applicable to all of Faurecia's managers (see Subsection 8.1.2.2).*

Table 5 (stock options or purchase options exercised during the year by each executive corporate officer) and Table 7 (performance shares that vested for each corporate officer) of the AMF Recommendation No. 2009-16 as amended on December 17, 2013 do not apply.

Table 3 (attendance fees) appears in Subsection 8.1.2.1. Table 8 (overview of grants of stock options), Table 9 (stock options granted during the year to the top ten non-corporate officer employees and options exercised by them during the year) and

Table 10 (overview of bonus performance share grants) are included in Subsection 10.4.2.2.

The components of Mr. Yann Delabrière's compensation due or received for the year ended December 31, 2013, which are subject to the advisory opinion of the shareholders pursuant to the recommendation of Article 24.3 of the AFEP/MEDEF Corporate Governance Code of June 2013 are detailed in the explanatory notes to the resolutions included in Section 11 of this Registration Document.



8.2. The Executive Committee

8.2.1. EXECUTIVE COMMITTEE MEMBERS

Faurecia's executive management function is performed under the responsibility of the Chairman and Chief Executive Officer by an Executive Committee that meets every month to review the Group's results and consider general matters concerning the Group.

Its members are as follows:

Yann Delabrière

Chairman and Chief Executive Officer

Niklas Braun

Executive Vice-President, Faurecia Automotive Exteriors (from June 2, 2014)

Michel Favre

Executive Vice-President, Group Chief Financial Officer

Hervé Guyot

Executive Vice-President, Strategy and Faurecia Automotive Exteriors (until June 2, 2014)

Executive Vice-President, Strategy (from June 2, 2014)

Frank Imbert

Executive Vice-President, Company Secretary

Patrick Koller

Executive Vice-President, Faurecia Automotive Seating

Jacques Mauge

Executive Vice-President, Faurecia North America

Kate Philipps

Executive Vice-President, Communication

Jean-Michel Renaudie

Executive Vice-President, Faurecia Interior Systems

Christophe Schmitt

Executive Vice-President, Faurecia Emissions Control Technologies

Jean-Pierre Sounillac

Executive Vice-President, Human Resources

8.2.2. MISSION AND STRUCTURE

The Faurecia group is organized into Business Groups dedicated to managing and developing Faurecia's activities worldwide.

They are responsible for the operating results of their individual businesses, as well as investments and the management of operating cash flow.

Faurecia comprises four Business Groups:

- the Automotive Seating business (Faurecia Automotive Seating) is responsible for the management and development of the complete seat unit business and all aspects of the design and production of seats such as metal frames, mechanisms, comfort and safety submodules, foams and covers;
- the Emission Control Technologies business (Faurecia Emissions Control Technologies) is responsible for the management and development of complete exhaust systems and exhaust components covering both the hot end of the exhaust system such as particulate and exhaust fume treatments, as well as the cold end;
- the Interior Systems business (Faurecia Interior Systems) is responsible for the management and development of the main parts making up vehicle interiors such as instrument panels, cockpits, center consoles, door panels, door modules, sound insulation solutions, soft trim and acoustic modules;

- the Automotive Exteriors business (Faurecia Automotive Exteriors) is responsible for front-end modules and exterior equipment, as well as for the Group's composite plastics business.

The Corporate departments include:

- the Finance and Human Resources departments, which are responsible for the management of their respective areas of expertise. They are structured around country-based divisions and shared services centers in charge of providing financial and administrative services (cash management, accounting, tax, legal) and human resources management services to the Faurecia group as a whole;
- the Strategy department, which drives the Group's strategy and medium-term planning, and coordinates the Business Groups' innovation and R&D activities, as well as Faurecia's expansion in emerging markets;
- the Communications department, which conducts the Group's internal and external communications.

8.2.3. COMPENSATION OF THE EXECUTIVE COMMITTEE

The total compensation paid or allocated in 2013 to members of the Executive Committee in office as of December 31, 2013 amounted to €4,940,590.

The compensation of the Executive Committee includes a variable bonus. Performing on target can result in a bonus worth 50% of the base salary. Should targets be exceeded, this percentage can rise to 100% of the base salary. 80% of the bonus is based on targets related to operating income and cash generation within the scope of responsibility, and 20% on the same targets measured across the Group. Within the Corporate departments, 100% is based on targets measured across the Group.

If the employment contract of an Executive Committee member is terminated, he or she may receive contractual severance pay of up to 12 months' compensation, depending on their position. This amount is not payable in the event of gross negligence or willful misconduct.

Details on the number of stock options granted are provided in Subsection 10.4.2.2 of this Registration Document. Members of the Executive Committee also benefit from the performance share plan instituted by the Board of Directors. An initial tranche contained three plans that were granted at its June 23, 2010, July 21, 2010 and July 25, 2011 meetings. The second tranche of three plans was approved and the first two plans granted at its July 23, 2012 and July 24, 2013 meetings (see Subsection 10.4.2.2 of this Registration Document).



8.3. Senior Management

Each of the four core businesses is organized into geographic divisions - Europe, divided when appropriate into Northern and Southern Europe, North America, South America, and Asia (China) - which manage operations in their region and also coordinate operations with customers headquartered in their region.

The four businesses also have a central staff that handles the main operational functions (sales and marketing, programs, manufacturing support, purchasing, human relations 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.

Senior Management at Faurecia consists of all the aforementioned management teams along with the Executive Committee and the key headquarters managers of the manufacturing and quality staff, as well as the Human Relations and Finance departments.

Faurecia Senior Management included 275 members as of December 31, 2013. This is Faurecia's operational management, responsible for the Company's operations, growth and performance. As such, the members of this team have an interest in the short-term results, through a system of variable bonuses. 80% of the bonus is based on targets related to operating income and cash generation within the scope of responsibility, and 20% on the same targets measured across the Group.

Members of this team also benefit from the performance share plan instituted by the Board of Directors. An initial tranche contained three plans that were granted at its June 23, 2010, July 21, 2010 and July 25, 2011 meetings. The second tranche of three plans was approved and the first two plans granted at its July 23, 2012 and July 24, 2013 meetings (see Subsection 10.4.2.2 of this Registration Document).

8.4. Internal control

8.4.1. INTERNAL CONTROL: DEFINITION AND OBJECTIVES

Internal control is a group structure that includes a set of resources, behaviours, procedures, and actions adapted to the individual characteristics of each company and the Group which:

- contributes to controlling its activities, the efficiency of its operations, and the efficient use of its resources; and
- enables it to take all major operational, financial or compliance risks into consideration in an appropriate manner.

The aim of internal control is to ensure:

- compliance with laws and regulations;
- that the instructions and guidelines fixed by the Management and/or the Board of Directors are applied;

- that the Company's internal processes are functioning correctly, particularly those concerning asset protection;
- financial information reliability.

However, internal control cannot give an absolute guarantee that Faurecia's objectives will be achieved. All internal control systems have inherent limitations such as uncertainties in the outside world, the exercise of people's judgement or the cost/benefit relationship of implementing new controls.

Faurecia verifies that internal control procedures have been implemented within its subsidiaries. These procedures are adapted to the specific characteristics of the subsidiaries and to relations between the parent company and consolidated companies.

8.4.2. REFERENCE FRAMEWORK USED BY FAURECIA

The Faurecia group continues to develop its internal control system by making use of the AMF Reference Framework and its Application Guide, as updated on 22 July 2010. This system applies to processes relating to the preparation of accounting and financial information intended for publication and the general organisation of the Group's operating divisions. This system is also applied to the risk management procedures implemented by Faurecia, including basic internal control rules, and its application by operational departments is verified.

The Group's internal control system is implemented with regard to both its operations and its legal structure.

It applies to all Group subsidiaries consolidated by the global integration method.

The summarised information provided in this report on Faurecia's internal control procedures is focused on the main areas that could have an impact on the financial and accounting information published by the Group.

8.4.3. INTERNAL CONTROL PROCEDURE ACTORS AND ORGANISATION

Internal control is implemented by both Senior Management and all of the Group's other employees in their daily work in strict compliance with the Group's procedures, including in particular the eleven basic rules.

The main participants in the internal control system are as follows:

- the Board of Directors, which is responsible for determining Faurecia's overall strategic vision and specific Group strategy and for overseeing their implementation;

- the Audit Committee, described earlier in this report, whose responsibilities are set by the Board of Directors, which plays a vital role, particularly in the monitoring of (i) the process by which financial data is developed, (ii) the effectiveness of internal control and risk management systems, and (iii) the audit of annual and consolidated accounts by the Statutory Auditors;

- the Group Executive Committee which oversees the Group's strategy, allocates the resources required to implement this strategy, sets the objectives for all Group entities, and verifies that these objectives are met;



- Operations Committee meetings are held between Group Senior Management and the executive team of each Business Group every month during which all management indicators are reviewed. This Committee particularly focuses on the various key aspects of quality, financial performance, and deadline compliance in programmes under development;
- the Financing and Treasury department, the Financial Control department, the Quality department, the Legal Affairs department, and the Country and Regional Finance departments which all play a specific role in the internal control process on account of their cross-functional skills;
- the Operational Risk Committee which is tasked with both ensuring that certain Group-wide risks are correctly monitored and that the indicators used to measure them are relevant;
- the Internal Audit department, which reviews the internal control system and any changes made to it, ensures that the Group's procedures comply with applicable legislation and market recommendations, verifies that the system is generally complete, consistent, and relevant, and that the procedures and the eleven basic internal control rules are complied with via regular tests and checks. In the event of shortfalls, it ensures that corrective measures are taken and reports on the effectiveness of internal control.

The Internal Audit department is under the direct responsibility of the Secretary General. Although centralised at Group level, it has regional teams based in France, Germany, the United States, and China. Its work is approved and supervised by the Chairman and reviewed by the Audit Committee. The role of the Internal Audit department is to ensure continuous improvement in the effectiveness of all internal financial control systems by implementing a systematic and methodical approach. It can intervene on all group processes, anywhere in the world, if need be. It conducts its assignments wholly independently and systematically substantiates its findings with specific facts that have been duly verified and rigorously calculated. It provides the Management with all of its work and regularly reports to it on the progress of its assignments and the measures taken to reach its objectives. Recommendations sent by Internal Audit to the audited sites are monitored by (i) an analysis by questionnaire three, six and twelve months after the final report, (ii) monitoring by the Operations Committee, and (iii) a post-audit on site if deemed necessary. It presents its audit plan as well as the reports it has drawn up, including an assessment of its performance, to the Chief Financial Officer twice a year and to the Audit Committee at least once a year. In 2004, the department drew up an Internal Audit Charter which defines its roles and mission, its field of competence, and the audit methodology used.

The Operational Risk Committee, set up on November 10, 2011 and chaired by the Head of the Internal Audit department, brings together the owners of Group-wide risks at Group level. This Committee is charged with defining, monitoring, quantifying, prioritising, and checking the relevance of these risks with regard to Group objectives. Its deliberations include an evaluation of the usefulness over time of the key indicators of each Risk in question as well as the actions required to strengthen their control or management. Finally, the Committee assists the Head of the Internal Audit department in preparing and checking risk information for the Audit Committee.

This is complemented by the intervention of external actors, including:

- the Statutory Auditors. Their mission does not directly involve them in internal control or risk management. They take note of them, make use of Internal Audit reports to improve their understanding of them, and give a wholly independent opinion on their relevance. Every year, they conduct a Group audit as part of their statutory audit of consolidated financial statements and individual Group entity financial statements. In accordance with French company law, Faurecia and Group financial statements are certified by two audit firms which undertake a joint review of the full accounts, the procedures used for preparing them, and also certain Group internal control processes for preparing accounting and financial information. Backed by members of their networks in each of the Group's host countries, these two audit firms perform statutory or contractual audit engagements for all of the Group's fully consolidated companies. The Auditors present their comments on the Chairman's report regarding internal control procedures for preparing and processing financial and accounting data and certify that other disclosures required by law have been made;
- third-party organisations which carry out the following certification processes for the entire Group over a three-year cycle:
 - environment (ISO 14001),
 - quality (ISO/TS);
- engineers from fire and property insurance companies who conduct a two-yearly audit on each of Faurecia'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.

8.4.4. RISK ANALYSIS AND RISK MANAGEMENT PROCEDURE

The Group's objectives are set by the Board of Directors. They relate not only to financial performance but also to areas in which the Group aims to achieve a particular level of excellence such as human resources management, quality, innovation, working conditions, and environmental performance.

In this context, the Group monitors and manages risks that are likely to affect the achievement of its objectives. The Audit Committee thus reports to the Board of Directors on the major steps taken to oversee and monitor risks, the Committee itself being informed by the Internal Audit department which provides an update on Group-wide risks at least once a year.

Generally speaking, all the risks identified within the Group are reviewed and discussed by specific bodies and are consolidated by the Group Executive Committee. The executive team of each Business Group is responsible for identifying and managing operational risks inherent to its business which are reviewed every month by its Operations Committee. Financial risks for all

Group companies are centrally managed by the Group Finance department and are reviewed by a special committee.

It should be noted that certain operational risks, identified as Group-wide, are also reviewed by the Operational Risk Committee, as described above.

These risks are associated with personal safety, quality, programme management, liquidity risk, the availability of Just In Time information systems, the reliability of supplies, asset protection, fire risks, reliability of financial information, fraud, and the environment. For the purposes of procedure progress and improvement, the relevance of this list is regularly reviewed by the Operational Risk Committee and the inclusion of new group-wide risks is submitted to the Audit Committee.

Faurecia has undertaken a risk review and considers that it is not currently exposed to any significant risks other than those described in Section 3.4 of the 2013 Registration Document.

8.4.5. DESCRIPTION OF INTERNAL CONTROL PROCEDURES

The Group's internal control system is underpinned by a set of procedures including basic internal control rules that can be accessed by all employees on the intranet. These procedures are part of the Faurecia Excellence System (FES) which defines the way in which Group's employees work worldwide and structures the Group's identity.

The related Faurecia Core Procedures (FCP) are organised around the following six processes:

- leadership, which sets a common framework for all Group entities in relation to issues such as financial control, setting objectives, drawing up strategic plans, quality, communication, and health and safety policies;
- development, which includes the procedures for defining the Group's product offering, innovation strategy, and programme control measures;
- production, corresponding to the various production process stages in the factories: preparing for the start-up of new programmes or units, planning and controlling the production process, and managing flows;
- customer relations, which details the process for developing customer relations and ensuring customer satisfaction through competitively priced high-quality products and services;

- supplier relations, covering processes set up with the Group's suppliers with a view to building a sustainable relationship based on excellence;
- employee involvement, encompassing human resource policies.

These procedures are developed by each Group division while respecting a common general framework and apply to all subsidiaries controlled by the Group. They are regularly updated and continually enhanced.

An annual audit is carried out by the Group on production sites to ensure that the FES is correctly implemented. Each production site is rated either "Unsatisfactory/Satisfactory/Excellent/Benchmark". If a site is rated "Unsatisfactory", it is required to prepare a corrective action plan which is presented directly to Faurecia's Chairman with a view to reaching a "Satisfactory" level within a maximum of three months.

8.4.5.1. Programme control

Programme control measures are subject to specific procedures. Each contract signed with a customer represents a programme and corresponds to a project which:

- responds to Request for Quotation (RFQ) issued by a vehicle manufacturer for the supply of complex automotive equipment;



- meets set quality, cost, and lead time objectives;
- meets financial performance targets set by the Group.

The life of a programme can stretch to ten years, from the beginning of the development phase (acquisition and industrialisation phases) to the end of series life (production).

Every programme is subject to control procedures and tools throughout its life. The Programme Management System (PMS) lays out a strict succession of steps for the entire duration of a programme. Each programme has various milestones from bid processing to the end of product life. As part of this control system, programme reviews are carried out once a month by the concerned activities. Formal reports of these reviews are required and a certain number of documents must be submitted. This process is designed to identify programme risks on an ongoing basis and to draw up and implement the necessary action plans.

Prospective financial analysis in the form of a Business Plan (BP) is performed for each programme in its initial period, during bidding. BPs are prepared in accordance with a standard method developed and monitored by Group management. BPs are regularly updated as assumptions are changed. Therefore, it contains all the information required to assess a programme when preparing a quotation, during contract negotiations, and during the development phase.

To improve programme effectiveness, a plan to speed up the implementation of the Faurecia Excellence System (FES) was launched in July 2012. It covers methodology, quality, profitability, and individual career development of programme managers. It ensures that development procedures are strictly applied and complied with and that deadlines are met from the business acquisition phase through to series production. The Faurecia group monitors progress indicators on a monthly basis. The programme audit framework was updated to reflect audit best practices used by the industrial function, with very specific and progressive clarification of expectations, allowing the project team to self-audit and assess divergence with best practice. Group audits are carried out by R&D centre to assess, by means of a sample of audited programmes, the centre's level and its improvement initiatives. Furthermore, Faurecia's Alert Management System (AMS) was updated and strengthened to facilitate more rapid resolution of issues with the support of management.

8.4.5.2. Code of Ethics

The Faurecia group is deeply committed to respecting the values of accountability, integrity, and ethical conduct. The Group's Code of Ethics forms an integral part of the FCPs. This Code defines the general rules on ethical behaviour applicable on a day-to-day basis to all of Faurecia's employees in their relations both inside and outside the Group and the Group's partners. The Code also describes how the Group seeks to implement its values of

respecting customers, shareholders, the people it works with, and the environment. In addition to strengthening the measures already in place, the Code introduced a confidential whistle-blowing procedure enabling employees to notify Faurecia of any breaches of the law or Group procedures. A reinforced whistle-blowing procedure, accessible to all Group employees who are aware of matters that constitute serious risks for the Group in terms of accounting, financial auditing, and anti-corruption, has been established. This procedure allows Faurecia to refer to an outside organisation which gathers and initially processes the whistle-blowing procedures. If circumstances warrant, the organisation contacts the Faurecia group's Chairman and CEO who can ask the Group's Internal Audit department to carry out the necessary investigations. The Code of Ethics has been widely relayed throughout the Group, notably via the intranet, to ensure that all employees can access it and comply with it at all times and in all circumstances. It is intended to develop a sense of responsibility and involvement in Group employees. During Internal Audits, auditors systematically check that everyone at plant level is familiar with the Code.

8.4.5.3. Quality risk management

The Faurecia group systematically manages quality risks throughout the business process, from the new order acquisition phases to manufacturing in factories. The quality function guarantees this management at all stages of the process. It is present at all levels of organisation from the multidisciplinary team developing new programmes or the production site to the Group's management structure.

Specific indicators with monthly reports assess the risks and generate improvement plans and mainstream actions to prevent major risks at all levels of organisation. Every year annual targets to meet customer needs as expressed in the measurement of the performance of their suppliers and operational efficiency are set.

Faurecia's alert management system (AMS) immediately informs Business Group management teams and, depending on the importance, the Group Executive Committee of any problems encountered. This system also ensures a prompt and structured response including problem solving which the organisation capitalises.

A structured problem solving culture (immediate response within 24 hours and identification of root technical and management causes) is constantly being developed by Faurecia's management: QRCI "Quick Response Continuous Improvement". Initially deployed to professionally handle quality problems, it has been extended to all opportunities to improve business operations, programmes, HSE, scrap, inventory, deliveries, etc.

Group quality management has a structure of auditors that is independent to Business Group operations organisations to conduct audits on both production sites and R&D centres. They use a precise and rigorous questionnaire to assess the

application and maturity of the Faurecia Excellence System's implementation. Audit guidelines and Group procedures are regularly updated to reflect the changing needs of customers and weaknesses identified in organisation.

In addition, the Group quality department conducts audits and/or coaching in case of significant deviations in quality performance on the affected sites and a report and corrective action plan are submitted to the Management.

8.4.5.4. Internal control procedures for the preparation and processing of accounting and financial information

PRINCIPLES APPLIED TO THE PREPARATION OF FINANCIAL STATEMENTS

The Board of Directors is collectively responsible for publishing reliable financial and accounting information.

The Audit Committee is expected to study and prepare some of the Board's deliberations. It issues proposals, opinions, and recommendations within its field of competence. The Committee has a consultative role only and acts under the authority of the Board to which it reports whenever necessary.

The Audit Committee's mission is to review the Faurecia group's consolidated annual and interim financial statements.

It may hear from outside auditors, without the Finance department necessarily being present, as well as from the Group's Chief Financial Officer, who may be supported by any employee they choose.

The Management specifically relies on input from the Accounting, Consolidation, Financial Control, and Financial Communications departments.

The Accounting department prepares monthly consolidated financial statements and interim and annual financial information to be published. It ensures that local financial managers properly prepare subsidiary financial statements in compliance with local regulations. It defines the Group's accounting principles in accordance with IFRS and sees that all subsidiaries follow them. It also prepares Faurecia's financial statements.

Internal control procedures required to produce reliable accounting data are implemented locally. These include, among others, physical inventorying, separation of tasks, and reconciliation with independent sources of information.

The following principles are implemented across the Group regarding the preparation of financial statements:

- completeness of transaction treatment;
- transaction compliance with applicable accounting principles;
- periodic review of assets.

Ensuring consistency between financial reporting tools and the Group's operating systems is vital for the preparation of reliable financial and accounting information. The volume of information involved, the quality and integrity required to process the information, and ever-tighter financial reporting deadlines enabling management to respond quickly and efficiently control operations require the use of effective information systems. Faurecia implemented a Group ERP system built on SAP in 2008 which continues to be progressively rolled out across the various Group sites.

The Group's financial statements are prepared using information provided by each subsidiary and integrated into the HFM reporting and consolidation system. The accounting data submitted by each subsidiary is prepared in accordance with Group standards which themselves comply with IFRS as adopted by the European Union. An IFRS accounting manual is included in the FCP system, which can be accessed via the intranet.

Each subsidiary's accounting information comprises income statements prepared by nature and destination, a breakdown by business segment, an analysis of current and deferred taxes, a balance sheet, a cash flow statement, and a statement of commitments and contingent liabilities.

Inter-company transactions are entered in the HFM reporting tool.

The Finance department also uses short and medium term forecasts to verify the value of cash-generating units, actuarial reports to assess commitments to employees and retirees, and fair-value measurements of derivative financial instruments confirmed by the Group's banking counter-parties.

In each subsidiary, the head of accounting and the financial controller have access to all the information they require to prepare accurate financial statements in compliance with local standards for statutory financial statements and with Group standards for reporting.

At every interim and annual close the heads of all subsidiaries are required to prepare an IFRS/local standard compliant reconciliation for equity and profit and loss.

Instructions are sent to the accountants and financial controllers specifying the closing procedures to be followed every month. Training on reporting tools is regularly provided to newly recruited accounting and financial staff.

The preparation of monthly reporting packages requires each entity to ensure it has the appropriate resources to draw up quality information.

OFF BALANCE SHEET COMMITMENTS

Off-balance sheet commitments are handled in accordance with a specific identification and valuation process.



Each commitment is tracked by nature. Currency and interest-rate risks as well as inter-company financing in foreign currencies are managed at Group level under the supervision of the Group Finance department. Similarly, any sureties or guarantees granted by Faurecia S.A. are issued and monitored at Group level.

IDENTIFICATION AND ANALYSIS OF RISKS IMPACTING ACCOUNTING AND FINANCIAL INFORMATION

Preparing full monthly financial statements greatly reduces risks at interim and annual closes, particularly regarding meeting financial reporting deadlines. Any problems are anticipated, inter-company accounts are reconciled each month, specific transactions are accounted for without waiting for the yearly close, and tax calculations are regularly substantiated.

The preparation and review of monthly financial statements and reconciling them with the budget allows each entity to detect any anomalies in the accounts, such as in relation to inventories or cash flows. Implemented in tandem with specific procedures, this process is intended to reduce the risk of errors and fraud.

“HARD CLOSE” PROCEDURE

A hard close is carried out on October 31 every year on interim accounts to anticipate, assess, and validate the main accounting options for the yearly close. Similarly, a hard close is carried out in May to anticipate the close for interim financial statements on June 30.

ACCOUNTING AND FINANCIAL CONTROL TOOLS

The Group has drawn up procedures for preparing and processing financial and accounting information. These procedures comply with applicable accounting principles and standards and, like all the other internal control procedures, are available on the Group's intranet. The following figure among the most important Group procedures:

- a capital expenditure authorisation procedure to determine capital spending criteria and name authorised signatories who can commit the Company for amounts up to pre-defined thresholds;
- an authorisation procedure for capital increases, capital injections, acquisitions of shareholdings, and inter-company loans;
- a procedure to draft Programme Business Plans;
- a procedure for the acquisition of new programmes;
- a procedure for consolidating financial statements.

The Group financial services are structured primarily to separate “accounting” functions from “financial control” functions and to create shared accounting services centres for each country or region which report to a Finance Director. The Group Finance department is responsible for drawing up rules and procedures as well as for the consolidation, audits, and management of the Group's cash position and financing.

This organisation makes it possible to handle the variety of the Group's activities and enhance the applicability and consistency of Group procedures and therefore the effectiveness of internal control procedures. It strengthens the roles and responsibilities of the accounting function, improves reporting processes, increases the effectiveness of information systems, and reinforces programme management controls. Job enhancement resulting from this organisation also contributes to developing the skills and commitment of employees.

FINANCE AND ACCOUNTING REPORTING PROCESS

Reporting processes are intended to provide systems for informing and steering the Group and ensuring maximum responsiveness to any risks that may arise. A “reporting glossary” describes the content of all reporting data and procedures explain how reporting should be carried out.

The HFM consolidation system provides for the reporting of both financial information (income statement and balance sheet data) and non-financial information (such as indicators relating to quality, production, purchasing, safety, human resources, etc.).

The results consolidation process is secured by applying blocking controls upstream in reporting documents and intermediate controls related to the structure of the reporting system at Group level.

Monthly reporting data includes estimated sales and operating results for each business unit within three days of the month-end and definitive data five days after the month-end prepared in accordance with Group standards. Every month, the Operations Committee reviews the operating performance and action plans of each Group business.

MEDIUM-TERM PLAN AND BUDGET

Faurecia's budget is drawn up on an annual basis and updated half-yearly.

The Group Finance department provides the economic and financial assumptions and sets specific objectives for each operating unit to be used in the budget. The budget developed by production site, R&D centre, and administrative centre. It is then broken down into monthly periods using standard schedules and consolidated.

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.

As Faurecia's contracts span several years, it needs a medium-term overview of its financial position in order to effectively manage risks. To this end, the Group draws up a five-year plan each year in which programmes play an essential role. This plan makes it possible to clarify the Group's outlook in terms of profitability and required resources. It is consolidated using the same tool and applying the same stringent procedures as for monthly reporting and it is also used to define budgetary targets.

FINANCIAL PRESS RELEASES, ANNUAL REPORT, AND REGISTRATION DOCUMENT

The Group's Finance and Communications departments are responsible for drawing up and relaying all of the Group's financial information to the financial markets. Financial communication is transmitted through two main vehicles:

- the annual report and the Registration Document;
- financial press releases.

Preparation of the annual report which also serves and the Registration Document is coordinated by the Legal department. A large number of people who are experts in their field contribute to the process ensuring that the document contains broad-ranging and high-quality information. The Registration Document is then reviewed and approved by the Board of Directors before it is published.

Financial press releases are systematically reviewed by the Finance department and announcements on the annual and interim accounts are also approved by the Board of Directors.

8.4.6. KEY DEVELOPMENTS

During the year, the Group continued to improve its internal control procedures:

- it continued to implement the standards and procedures of the Faurecia Excellence System, particularly by regularly updating the procedures and self-assessment questionnaires that enable each site to assess whether it complies with these standards;
- it defined and disseminated basic internal control rules on all Group sites. The Internal Audit department carried out special audits to ensure that the sites observed these "basic principles". The compliance of each site visited was rated on a scale of four levels, ranging from unsatisfactory to satisfactory. In 2013, defects in internal control caused high additional costs associated with sophisticated product startups and logistics flow control difficulties in the United States. Dedicated teams have been set up to bring up to standard the concerned processes;
- the Faurecia group has implemented a programme to reform its management information systems for several years. Based on Faurecia Core Procedures, the Faurecia Core System (FCS) project makes use of management software published by the German company SAP.

The objective of this project is for the Faurecia group to employ best practices in accounting and administrative management, together with consistent tools and processes for approving and monitoring management actions, from purchase requisitions through to the vendor payment, from a sales order received through to final payment.

Particular importance is given to the consistency and integrity of financial information through this project. Special attention is paid to all financial data control processes and quality checks, from creation to publication in monthly or yearly consolidated statements.

The FCS project has been used to clarify the roles and responsibilities of those involved in the management process: accounting management centres, profit centre controllers, buyers, and Sales Administration departments.

Another outcome has been the development of shared services for accounting, sales, and purchasing as a way of optimising support structures and improving the quality of teams by combining skill sets.

By upgrading its information systems based on the SAP architecture the Group has created standardised, reliable, and modern tools that correspond to Faurecia's standards and procedures and which have been gradually rolled out across the Group since the implementation of pilot sites in 2008.

The first operational sites in France and Korea were integrated into FCS in mid-2008.

At the end of 2013, the FCS system was rolled out in 86% of R&D centres, 75% of accounting centres, and 60% of production sites. Roll-out of the FCS project should be completed by the end of 2015, on a like-for-like basis.

To check the quality of what has been accomplished, the Group has performed audits with the help of ad hoc companies and the Internal Audit department on targeted management processes.

It was also decided to speed up the decommissioning of the now obsolete ERP systems.

Lastly, the Magnitude application has been replaced as part of the Metis project launched in 2012.

The main goal of Metis is to improve production time-frames for financial information, strengthen integrity through improved interfacing with FCS, and provide more powerful analytical tools.

- Finally, with regard to managing data processing tool access clearance, Faurecia has developed and will implement a policy of user account profile management and approval by employee line managers using an IAM (identity access management) application. These profiles are based on a strict definition of roles and responsibilities and strict separation of tasks to comply with the Company's internal control rules.

These procedures are also audited by independent outside bodies.