



## **FAURECIA BOARD OF DIRECTORS**

### **INTERNAL RULES**

Modified by the Board of Directors on April 14, 2011

## TABLE OF CONTENTS

Introduction .....	4
Duties of the Board of Directors .....	4
<i>Means of Operation of the Board of Directors .....</i>	<i>5</i>
<i>Participation in Board meetings using a videoconference system or other means of telecommunication .....</i>	<i>6</i>
<i>Advisory Committees of the Board of Directors .....</i>	<i>7</i>
<i>Informing Directors .....</i>	<i>7</i>
<i>Evaluation of the Board of Directors .....</i>	<i>8</i>
<i>Expenses and costs incurred .....</i>	<i>8</i>
Remunerating Directors .....	8
Specific obligations incumbent on Directors .....	9

*Free translation  
For information purpose*

## **Introduction**

The Faurecia Board of Directors has prepared these Internal Rules to formally express its operating rules, with the goal of improving work methods and information provided to its members.

These Internal Rules, adopted by the Faurecia Board of Directors during its meeting of 17 April 2003, were updated by the Board of Directors during its meetings of 8 October 2007, 9 February 2009, 2 March 2009, and 17 December 2009. These Internal Rules specify the roles and powers of the Faurecia Board of Directors, following on from the statutory provisions.

These Internal Rules are strictly for the Company's internal use; under no circumstances are they to be considered a substitute for legislative and regulatory provisions applicable to companies, nor for the Company's bylaws. Consequently, these Internal Rules are not enforceable against third parties, nor against Faurecia nor against its shareholders. Moreover, they cannot constitute a basis for an action against the Company, the Board of Directors or its Directors.

## **Duties of the Board of Directors**

In keeping with the legislative and statutory provisions in force, the Board of Directors determines the guidelines governing the Faurecia's activity and oversees their application. Subject to the powers explicitly attributed to Shareholder's Meetings and within the limits of the business purpose, the Board of Directors considers any questions affecting the proper operation of the Company, and Board decisions settle matters concerning it. The Board of Directors is consulted about all Company and Group strategy decisions, on initiative taken by its Chairman.

The Board of Directors' duties are, in particular:

- To determine and implement decisions concerning the Company's general strategic, economic, social, financial or technological guidelines;

The midterm guidelines for the Group's activities are defined by a strategy plan, a draft version of which is prepared and presented by the Chairman, and then submitted by him to the Strategy Committee for review and opinion, and is then adopted by the Board of Directors;

As per the provisions of the internal functioning, the Chairman must obtain authorization from the Board of Directors before proceeding to any acquisition, disposal or formation of a joint venture company whose total assets would exceed €100 million and/or whose turnover would exceed €300 million;

- To decide how the general management of the Company is to be carried out, said management done under its responsibility by the Chairman of the Board or by another physical person appointed by the Board, bearing the title of Chief Executive Officer ("CEO");

- To prepare convocations to Shareholders' Meeting and to determine the agenda;
- To close the consolidated and unconsolidated interim and annual financial statements and to prepare the Group's management report and management annual report;
- To check the relevancy and continuity of accounting methods used to prepare the Company's consolidated and unconsolidated financial statements;
- To monitor the process used to prepare financial information;
- To close provisional management documents and corresponding reports;
- To authorize "regulated" agreements, as defined by the law;
- To co-opt Directors;
- To appoint or revoke the Chairman of the Board of Directors, the CEO and the Executive Vice Presidents, and to determine their remuneration;
- To appoint members of Committees;
- To apportion attendance fees;
- To modify the share capital on receiving delegation to this effect from an Extraordinary Shareholders' Meeting;
- To authorize liens, bonds and guarantees, including allocating an annual basket of sureties to be issued by the Chairman, and to determine related terms and conditions;
- To organize the procedure to select the Statutory Auditors, and make sure that the rules guaranteeing the independence and objectivity of said Statutory Auditors are respected;
- To monitor the efficacy of risk management and internal auditing systems;
- To assist the Chairman prepare his report on internal auditing procedures set up by the Company.

#### ***Means of Operation of the Board of Directors***

The Board of Directors meets at least four times each year under the conditions set down by the bylaws to discuss questions put on the agenda by its' Chairman.

***Participation in Board meetings using a videoconference system or other means of telecommunication***

1. Exceptionally, and subject to applicable legislative and regulatory provisions, Board meetings can take place, in their entirety, using a videoconference system or other means of telecommunication.
2. Moreover, the Chairman makes sure that a videoconference system or other means of telecommunication is, on an exceptional basis, made available to Directors who are physically unable to take part in a Board meeting, for the purpose of enabling them to participate in said Board meeting.
3. For each of the two cases above:
  - There must be at least four Directors, including the Chairman, physically present in the place named in the Notice of Meeting.
  - When calculating the quorum or majority, Directors participating in the meeting via videoconference system or other means of telecommunication are considered present.
  - The videoconference system or other means of telecommunication used must satisfy the technical characteristics guaranteeing actual participation of each Director in the Board meeting. Decisions must be transmitted in a simultaneous, continuous manner. Measures must be taken to enable the positive identification of each participant and to check that the quorum requirement is met. If these requirements are not satisfied, the Board meeting is postponed.
  - The attendance register for Board meetings must indicate any Directors who participated in said meetings by videoconference system or other means of telecommunication.
  - The minutes for Board meetings must indicate any Directors who participated in said meetings by videoconference or other means of telecommunication. The minutes must also mention any technical incidents that affected the videoconference system or other means of telecommunication if these incidents disturbed the meeting, and the minutes must also give details of the interruption to, and recommencement of, the remote participation.
  - In the case of a malfunctioning of the videoconference system or other means of telecommunication, noted by the Chairman of the Board meeting, the Board of Directors can validly deliberate and/or pursue the meeting only with Directors physically present, on condition that the quorum requirement be met.
  - The above provisions do not apply to voting of decisions within the remit of articles L 231-1 and L 233-16 of the French commercial code, respectively concerning the preparation of the unconsolidated annual financial statements and the management report and concerning the preparation of the Group management report and consolidated financial statements.

### ***Advisory Committees of the Board of Directors***

In order to optimize discussions, the Board of Directors may decide to set up Advisory Committees, as per article R 225-29 of the French commercial code.

Specifically, this consists in:

- An Audit Committee whose main duties are to examine the process used to close the consolidated and unconsolidated financial statements, as well as the process used to prepare financial information. The Audit Committee also examines the Group's financing modalities, and oversees the internal/external auditing processes. Lastly, it supervises the process used to select external auditors.
- An Appointments and Compensation Committee whose main duties are to examine the functioning of the Board of Directors and its committees; prepare a list of Directors to be appointed and the membership composition of committees; prepare decisions as regards the remuneration of the Chairman of the Board and Directors. This Committee regularly reviews the assessment and replacement plans for the Group's main management executives, as well as their terms of remuneration; in regards of the latter, this Committee prepares the decision of the Board of Directors regarding share allotment plans or stock options.
- A Strategy committee whose duty is to prepare the decisions of the Board of Directors regarding the Group's strategy guidelines. This involves examining the Group's Midterm Plan, strategy plan, as well as any projects concerning the acquisition, disposal or formation of a joint venture companies, in regards of which competency is retained by the Board of Directors.

The sole purpose of these Advisory Committees is to prepare, internally, some decisions taken by the Board of Directors. They do not have any power of their own in relation to third parties; they issue proposals, recommendations and opinions in their area of expertise.

These Advisory Committees must also have Internal Rules, validated by the Board of Directors, determining their composition, rules used to appoint members, operating rules, as well as their precise duties.

These committees only have an advisory power and act under the authority of the Board of Directors, which alone takes all decisions. These committees must report on their work to the Board of Directors after every meeting and as often as necessary. Likewise, they must evaluate their activities each year.

### ***Informing Directors***

It is up to the Chairman, assisted by the Secretary of the Board of Directors, to forward all appropriate information to the other members of the Board of Directors.

Whenever possible, notification regarding agenda items requiring particular analysis and reflection, along with any documents required, are sent to concerned parties reasonably in advance of Board meetings and Advisory Committee meetings. Any Director who, on receiving this information considers that he could be concerned by a conflict of interest should notify this to the Chairman and should refrain from partaking in any decisions thereto related. Said Director shall not receive any corresponding documentation.

Outside of Board meetings, and for the entire duration of the Company and the Group, Directors shall receive, from the Chairman, any information of potential use, if warranted given the importance or degree of urgency of the information. The Directors also receive press releases issued by Faurecia, and regularly receive press cuttings and financial analysis recommendations regarding the Company.

All requests for information made by a Director along with Faurecia's response shall be sent simultaneously to other Directors so as to guarantee equality of information.

#### ***Evaluation of the Board of Directors***

Once a year, the Board of Directors proceeds to an evaluation of its work:

- It reviews the operating modalities, composition and organization of the Board of Directors, as well as those of its Advisory Committees;
- It makes sure that important questions are appropriately prepared and debated.

The Board of Directors reports on findings of this evaluation in the meeting minutes, informing the shareholders each year, via the annual report, of the completion of these evaluations as well as any follow-up actions.

#### ***Expenses and costs incurred***

On submission of receipts, Directors are reimbursed for expenses incurred to take part in Company Board meetings.

#### **Remunerating Directors**

Directors' remuneration, paid in the form of attendance fees, takes into account their actual participation in Board meetings as well as their participation in Advisory Committees.

Directors receive fixed remuneration based on their post.

In addition to this fixed component, Directors also receive variable remuneration, calculated according to their participation in Board meetings.

Lastly, Advisory Committee members receive additional remuneration.

The Board of Directors determines the remuneration paid to the Chairman and to the CEO. Moreover, the Board rules on the allocation, to said corporate officers, of free shares, share-purchase options or share-subscription options, basing this decision on quantitative and qualitative criteria detailed by the Board to shareholders in the annual report, according to forms set down by the December 2008 by the AFEP/MEDEF corporate governance code.

### **Specific obligations incumbent on Directors**

By the collegiate adoption of these Internal Rules, each Director confirms his commitment to respect the following obligations:

- To respect legal and regulatory obligations, Company bylaws and these Internal Rules.
- To act under all circumstances in the Company's best interest.
- To inform the Board of Directors of all situations of conflict of interest, real or potential, and to refrain from participating in the voting of the corresponding resolution.
- To respect current legislation as regards accumulating mandates.
- To participate, as much as possible, in all Board meetings or in meetings of Committees of which he is a member.
- To register, in his own name, any Faurecia shares and their derivatives, of which he is his owner or which belong to his underage children, in keeping with article L.225-109 of the French commercial code.
- To inform Faurecia, whenever he notifies the AMF, of transactions he intends to carry out on Faurecia securities, so as to enable the Company to prepare the annual summary statement of such transactions, which is to be included in the management report on the annual financial statements.
- To inform AMF each month of the number of securities sold directly to Faurecia.
- To request any information which he considers of potential use in performing his duties, enabling him to knowledgeably decide on matters discussed by the Board of Directors.
- To request, if he considers it necessary, additional training about the specific aspects of the Company, and its businesses and sector of activity.

- To devote the necessary time and attention to his post.
- Given the nature of information, not intended for public disclosure, he acquires as part of his post, he shall:
  - consider himself bound by an obligation of strict confidentiality governed by the requirements of professional secrecy;
  - consider that this information is strictly personal and not to be shared with any third party outside of the Board of Directors.
- To refrain from engaging in any transactions involving Faurecia securities (including derivatives), regardless of whether said securities originate in the exercising of stock options, or in a direct transaction or via a third-party transaction, for the following periods:
  - from the day of the Faurecia Board Meeting held in December of each year up to the 3<sup>rd</sup> day inclusive following publication of Faurecia's annual results ;
  - from the 30 calendar days preceding the publication of the half-yearly results up to the 3<sup>rd</sup> day inclusive following publication of these results ;
  - from the 15 calendar days preceding the publication of the quarterly sales up to the 3<sup>rd</sup> day inclusive following publication of this result;

The Board Secretary finalizes the financial publications calendar each year according to the meeting dates of the Board of Directors.

- To refrain from engaging in any transactions involving Faurecia securities (including derivatives), including securities originating in the exercising of stock options, for the period between the date on which the Company (represented by its managers) become first aware of any information which, if made public, could have an influence on the share price or on related financial instruments, and the date on which this information is made public. If a Director is unsure as to the restrictions to be applied to information in his possession, he should consult with the Group CFO who shall give his opinion of the nature of the envisaged transaction within no more than 24 hours.

\* \* \*