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**Board's report  
Combined General Meeting  
of June 26, 2020**

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## **1. EXPLANATORY NOTES TO THE ORDINARY RESOLUTIONS**

### **1.1 Approval of the financial statements and appropriation of income (first to third resolutions)**

You are being asked to approve the parent company financial statements (first resolution) and consolidated financial statements (second resolution) for the fiscal year ended December 31, 2019, and the proposed appropriation of income for this fiscal year (third resolution).

The Company's parent company financial statements for the fiscal year ended December 31, 2019, show profit of €477,124,055.16 (first resolution), and the consolidated financial statements for the same period show net profit (attributable to owners of the parent) of €589,666,217.65 (second resolution).

Exceptionally, because of the global crisis due to the Covid-19 pandemic, the Board of Directors proposes the shareholders not to pay a dividend for 2019. Due to the current lack of visibility, the Board of Directors decided to prioritize the Group's corporate responsibility and liquidity over pay-out. The Board of Directors is convinced that this measure protects the interests of all Faurecia's stakeholders. It strengthens the Group's financial flexibility to overcome the current crisis and return as soon as possible to sustainable profitable growth and dividend payment. You are therefore asked to appropriate profits for the fiscal year ended December 31, 2019 to the retained earnings account (third resolution).

Finally, you are being asked to approve the total charges and expenses mentioned in paragraph 4 of article 39 of the French General Tax Code, i.e., €156,738.85, which corresponds to the nondeductible portion of the leases on passenger vehicles and the corresponding tax, which amounts to €53,965.53.

### **1.2 So-called regulated agreements (fourth and fifth resolutions)**

In view of the Statutory Auditors' report on the regulated agreements, you are being asked to note the absence of any new regulated agreements as referred to in article L. 225-38 of the French Code of commerce (fourth resolution).

In view of the Statutory Auditors' report on the regulated agreements, you are also being asked to approve the amendment to the specific additional defined benefits pension scheme ("PAPP") for members of the Executive Committee, for which Patrick Koller is also eligible in his capacity of Chief Executive Officer (fifth resolution), which was decided by the Board of Directors on December 18, 2019. During this meeting, the Board of Directors noted that in accordance with order No. 2019-697 of July 3, 2019, on supplementary professional pension schemes, the past non-vested rights granted will be frozen (in percentage) into existing scheme as at December 31, 2019 (crystallization). It was also decided to maintain the benefit of the PAPP in the event of a departure at the Company's initiative after the age of 60 rather 62, as initially stipulated in the PAPP. The eligibility of members of the Executive Committee, including the Chief Executive Officer, for the pension scheme is indeed subject to the obligation that they end their professional career within Faurecia. By way of exception to this principle, it seems justifiable, in the event of termination by the Group from the age of 60, that the right to the pension scheme should be maintained only in case the beneficiary does not take on any other professional work until retirement. This provision must give the Company more flexibility in managing the departure of Executive Committee members from the age of 60. It is specified, for information, that new regime on say on pay under order No. 2019-1234 dated November 27, 2019, repealed provisions on regulated undertakings.

### **1.3 Governance (sixth to ninth resolutions)**

The corporate office of four Board members are expiring, including that of the Chairman of the Board of Directors.

It is proposed to the General Meeting to renew the corporate office of Board members of Michel de Rosen (sixth resolution), Odile Desforges (seventh resolution), Linda Hasenfratz (eighth resolution) and Olivia Larmaraud (ninth resolution) for a four-year term, that is, until the end of the Ordinary General Meeting convened to approve the financial statements for the fiscal year ending December 31, 2023.

The proposed renewal are in line with complies the diversity policy of the Board of Directors set out in Section 3.1.2.5 "Diversity policy within the Board of Directors" of the 2019 Universal Registration Document.

#### Michel de Rosen

Michel de Rosen is a French national and Board member of various companies.

He has been a Board member of the Company since May 27, 2016, and Chairman of the Board of Directors since May 30, 2017. He is also Chairman of the Governance and Nominations Committee.

He is considered independent within the meaning of the AFEP-MEDEF Code.

Michel de Rosen's renewal enables the Board of Directors to continue to rely on his recognized industrial experience, gained throughout his professional career within major international groups, in France or in the United States, in chemistry, pharmaceutical and space industry (satellites) sectors. His experience of former executive and non-executive officer within listed groups, as well as his participation in the work of the High Committee of Corporate Governance during three years bring a strong experience on corporate governance matters to the Board of Directors.

Michel de Rosen's skills and experiences identified by the Board among the key skills for the Board of Directors of Faurecia as detailed in its skills matrix are the following: industry, international experience, governance/management of large companies, specific knowledge of a geographic market and banking/finance/risk management.

In addition, upon recommendation of the Governance and Nominations Committee, the Board of Directors resolved during its meeting held on April 17, 2020, to renew Michel de Rosen's corporate office as Chairman of the Board of Directors for the duration of his corporate office as Board member, subject to the condition precedent of the renewal of his corporate office as Board member by the Annual General Meeting of June 26, 2020, and the approval by this meeting of the increase in the statutory age limit to perform the duties of Chairman of the Board of Directors (see twenty-seventh resolution below).

As of the date of this report, Michel de Rosen holds 5,944 Company shares.

#### Odile Desforges

Odile Desforges is a French national and Board member of various companies.

She has been a Board member of the Company since May 27, 2016, and she is Chairwoman of the Audit Committee.

She is considered independent within the meaning of the AFEP-MEDEF Code.

Odile Desforges' renewal enables the Board of Directors to continue to benefit from her expertise and experience, more specifically on matters of interest to the Audit Committee she has been chairing. Besides her significant experience of automotive sector gained within Renault of which she was member of the Executive Committee, she has recognized technical expertise on financial, accounting and risk management matters. This expertise is also implemented within other large listed issuers, such as Safran of which she chairs the Audit Committee and Dassault Systèmes of which she is a member of the Audit Committee.

Odile Desforges skills and experiences identified by the Board among the key skills for the Board of Directors of Faurecia as detailed in its skills matrix are the following: experience in Faurecia's core businesses, industry, international experience and banking/finance/risk management.

As of the date of this report, Odile Desforges holds 500 Company shares.

#### Linda Hasenfratz

Linda Hasenfratz is a Canadian national and CEO of Linamar Corporation.

She has been a Board member of the Company since May 26, 2011, and she is Chairwoman of the Compensation Committee.

She is considered independent within the meaning of the AFEP-MEDEF Code.

The renewal of Linda Hasenfratz enables the Board of Directors to continue to have among his/her members a specialist of the automotive sector carrying out executive duties within a Canadian listed automotive supplier specialized in machining. Thanks to this executive position within a listed company and her position of Board member of other listed companies, she also brings her experience on corporate governance practices (including compensation) to the Board of Directors and to the Compensation Committee she has been chairing.

Linda Hasenfratz skills and experiences identified by the Board among the key skills for the Board of Directors of Faurecia as detailed in its skills matrix are the following: experience in Faurecia's core businesses, automotive technologies, industry, international experience, specific knowledge of a geographic market and governance/management of large companies.

As of the date of this report, Linda Hasenfratz holds 500 Company shares.

#### Olivia Larmaraud

Olivia Larmaraud is a French national and Head of Consolidation and Accounting Standards of groupe PSA.

She has been a Board member of the Company since May 27, 2016, and she is a member of the Audit Committee.

She is a Board member affiliated with groupe PSA, in which she holds a management position.

The renewal of Olivia Larmaraud enables the Board of Directors to continue to benefit from her skills and expertise on accounting matters gained throughout her career notably within groupe PSA. Olivia Larmaraud is indeed Head of Consolidation and Accounting Standards of groupe PSA, which enables her to shed light on technical accounting matters reviewed by the Board of Directors and the Audit Committee of which she is a member.

Olivia Larmaraud skills and experiences identified by the Board among the key skills for the Board of Directors of Faurecia as detailed in its skills matrix are the following: experience in Faurecia's core businesses, industry and banking/finance/risk management.

As of the date of this report, Olivia Larmaraud holds 20 Company shares.

Consequently, at the end of this General Meeting, your Company's Board of Directors will continue to have fifteen members, including two Board members representing employees. Excluding the Board members representing employees, the Board will include (i) 61.5% independent Board members, which is higher than the rule of one-third recommended by the AFEP-MEDEF Code for controlled companies, and (ii) 46% women, which is higher than the applicable legal provisions.

### **1.4 Annual amount of compensation awarded to the Board members (tenth resolution)**

The annual amount of compensation awarded to the Board members has been €700,000 since May 29, 2018.

However, this amount seems to no longer reflect the Company's needs under current circumstances for the following reasons:

- change in the composition of the Board of Directors in the event of the completion of the planned distribution of Company shares by PSA to its shareholders which would lead to

the departure of the three Board members performing executive or management duties within groupe PSA and potentially their possible replacement by Board members receiving compensation;

- compensation of the *ad hoc* committee: the Board of Directors established an *ad hoc* committee in charge of (i) discussing topics related to governance and the shareholders following the distribution, and (ii) initiating dialogue with the future major shareholders. This committee is compensated like any other specialized committee, and that affects the amounts paid;
- an amount of €614,870 was awarded for the financial year 2019. The amount awarded is therefore close to the current annual envelope.

Given these factors, the General Meeting is being asked to set the annual amount of compensation awarded to the Board members at €900,000 for fiscal year 2020 and for each of the following fiscal years until a new decision is made.

### **1.5 Approval of the compensation for corporate officers (eleventh resolution)**

In accordance with the provisions of order No. 2019-1234 on the compensation of corporate officers of listed companies, the shareholders are being called on, for the first time, in accordance with article L. 225-100, II of the French Code of commerce, to approve the information relating to the compensation of all the corporate officers, namely, the Chairman of the Board of Directors, the Chief Executive Officer and the Board members, referred to in article L. 225-37-3-I of the French Code of commerce.

This information applies to the total compensation and all benefits paid or awarded to the corporate officers (including the compensation paid or awarded to the Board members), as well as other, more general, information making it possible to assess the breakdown of the fixed and variable portions, the level of compensation for the executive and non-executive corporate officers in relation to the Company's performance, or the implementation of the compensation policy.

This information appears in Chapter 3 "Corporate Governance", Sections 3.3.1 "Compensation of executive and non-executive corporate officers for fiscal years 2018 and 2019" and 3.3.2 "Board members' compensation in respect of the 2018 and 2019 fiscal years" of the 2019 Universal Registration Document.

### **1.6 Approval of the compensation paid during/awarded in respect of the previous fiscal year to the executive and non-executive corporate officers (ex-post vote) (twelfth and thirteen resolutions)**

In accordance with the provisions of article L. 225-100, III of the French Code of commerce, you are being asked to approve the fixed, variable and exceptional components comprising the total compensation and all benefits paid during the past fiscal year or awarded in respect of this same fiscal year to the Chairman of the Board of Directors (twelfth resolution) and to the Chief Executive Officer (thirteenth resolution).

#### *Ex-post vote on the compensation of the Chairman of the Board of Directors (twelfth resolution)*

In accordance with the 2019 compensation policy for the Chairman of the Board of Directors, which was approved by 99.68% of the votes cast by the General Meeting of May 28, 2019, under the twelfth resolution, as implemented by the Board of Directors, in 2019, Michel de Rosen received the following components of compensation:

- fixed annual compensation;
- benefits in kind.

These components of compensation are described in Chapter 3 "Corporate Governance", Sections 3.3.1.1 "Compensation of the Chairman of the Board of Directors" and 3.3.1.4.1 "Summary of the components of compensation paid to the Chairman of the Board of Directors during fiscal year 2019 or awarded in respect of this same fiscal year" of the 2019 Universal Registration Document.

### Ex-post vote on the compensation of the Chief Executive Officer (thirteenth resolution)

In accordance with the 2019 compensation policy for the Chief Executive Officer, which was approved by 96.51% of the votes cast by the General Meeting of May 28, 2019, under the thirteenth resolution, as implemented by the Board of Directors, in 2019, Patrick Koller received the following components of compensation:

- fixed annual compensation;
- annual variable compensation;
- performance share grant;
- defined contributions and defined benefits pension schemes;
- termination payment;
- benefits in kind.

These components of compensation are described in Chapter 3 "Corporate Governance", Sections 3.3.1.2 "Compensation of the Chief Executive Officer" and 3.3.1.4.2 "Summary of the components of compensation paid to the Chief Executive Officer during fiscal year 2019 or awarded in respect of this same fiscal year" of the 2019 Universal Registration Document.

### **1.7 Approval of the compensation policy for Board member corporate officers (fourteenth to sixteenth resolutions)**

In accordance with the provisions of article L. 225-37-2, II of the French Code of commerce, you are being asked to approve the compensation policy that applies to the Chairman of the Board of Directors (fifteenth resolution), the Chief Executive Officer (sixteenth resolution) and, for the first time in accordance with order No. 2019-1234 on the compensation of corporate officers of listed companies, to the Board members (fourteenth resolution).

The compensation policies for corporate officers appear in Chapter 3 "Corporate governance," Section 3.3.4.1, "Compensation policy for corporate officers" of the 2019 Universal Registration Document.

In particular, please note that:

- The 2020 compensation policy for the Chairman of the Board of Directors remains stable compared with 2019.

It is specified that in light of the Covid-19 sanitary crisis, and as a personal contribution to the many gestures of solidarity of the Group's employees, the Chairman of the Board decided to reduce his fixed annual compensation by 20% for at least the second quarter of 2020.

- Regarding the Chief Executive Officer, upon recommendation of the Compensation Committee, the Board of Directors conducted an in-depth review of the structure and components of the compensation of the Chief Executive Officer as part of the creation of the 2020 compensation policy and amended it from the 2019 compensation policy, as is explained in Section 3.3.4.1.3 "Compensation policy for the Chief Executive Officer" of the 2019 Universal Registration Document. This review and the proposed changes come under the framework of the challenges to which the Group is confronted, both in terms of the potential change in the Company's shareholding structure related to the planned distribution of the Company's shares by PSA to its shareholders, and the retention of the Chief Executive Officer in a competitive environment where executive managers receive, or may receive, signs of interest from other international groups.

In the extremely difficult context of the Covid-19 sanitary crisis and the drastic measures implemented by the Group related to cash flow and strict control of expenditures and investments during the slowdown of activity, the Chief Executive Officer wished to take part to the efforts requested from all the Group stakeholders and informed the Board of Directors of his decision to waive for 2020 the increase of its compensation (fixed and long-term) proposed in the compensation policy, which will only become applicable as of 2021,

the other proposed evolutions, including the additional undertakings requested, remaining applicable as of 2020.

In addition, in light of this crisis, and as a personal contribution to the many gestures of solidarity of the Group's employees, the Chief Executive Officer decided to reduce his annual fixed annual compensation by 20% for at least the second quarter of 2020.

- the 2020 compensation policy for the Board members standardizes the existing and implemented practices within the Company.

### **1.8 Share buy-back program (seventeenth resolution)**

You are being asked to renew the authorization granted by the General Meeting of May 28, 2019, under the sixteenth resolution.

The Board of Directors will be authorized to buy back shares of your Company in order to:

- hedge stock option plans and/or free share allocation plans (or similar plans) to the benefit of employees and/or Group corporate officers, as well as all allocations of shares as part of a group or company savings plan (or similar plan), under a profit-sharing plan and/or any other form of allocation of shares to the benefit of the Group employees and/or corporate officers;
- hedge securities giving access to the allocation of Company shares;
- retain the shares purchased and use these shares for exchange or payment at a later stage, as part of any possible external growth transactions;
- cancel shares;
- support the secondary market or the liquidity of Faurecia shares, through an investment service provider under a liquidity contract in accordance with the practices accepted by the *Autorité des Marchés Financiers* (AMF).

This program will also be designed to allow the implementation of all market practices that may be accepted by the market authorities, and more generally, the completion of all other transactions in accordance with legislation or regulations that are or may become applicable. In such an event, the Company may inform its shareholders through a press release.

The shares may, in whole or in part, depending on the case, be acquired, sold, exchanged or transferred, in one or several installments, by all means, on all markets, including on multilateral trading facilities or through a systematic internalizer, or over the counter, including through the acquisition or disposal of blocks of shares (without limiting the part of the buy-back program that may be completed through this means), in all cases, either directly or indirectly, notably through an investment service provider. These means include the use of optional mechanisms or derivatives subject to the applicable regulations.

The ceilings for the number of shares or amounts would be as follows:

- the maximum number of shares that may be purchased may never exceed 10% of the total number of shares comprising the capital stock (i.e., 13,803,580 shares as of December 31, 2019);
- the maximum purchase price would be €110 per share (excluding acquisition costs);
- the theoretical maximum purchase amount of the program (excluding acquisition costs) would be €1,518,393,800.

The authorization will be granted for a period of 18 months and will put an end to the authorization granted by the General Meeting of May 28, 2019, under the sixteenth resolution. It is stipulated that the authorization may be used at any time, except during a tender offer period.

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## 2. EXPLANATORY NOTES TO THE EXTRAORDINARY RESOLUTIONS

### 2.1 Financial authorizations and delegations of authority (eighteenth to twenty-second resolutions)

You are being asked to renew the financial authorizations and delegations of authority that were granted to the Board of Directors by the General Meeting of May 28, 2019, and to grant a new, standard one, for the purpose of paying compensation for contributions of securities. These authorizations and delegations of authority, whether they continue, remove or do not carry preferential subscription rights, will enable your Company to enact financial transactions based on market conditions and quickly gather the resources needed to implement the Group's growth and consolidation strategy.

#### 2.1.1 DELEGATION OF AUTHORITY TO INCREASE THE CAPITAL STOCK WITH PREFERENTIAL SUBSCRIPTION RIGHT (EIGHTEENTH RESOLUTION)

The transaction carried out under this resolution would be reserved for Company shareholders only.

The securities that may be issued would be shares and/or securities giving access to shares of the Company and/or a subsidiary.

In accordance with the law, the shareholders would be eligible for negotiable preferential subscription rights. Subscriptions would be carried out on an irreducible basis and, if the Board of Directors would decide, on a reducible basis. If the aggregate amount of subscriptions on an irreducible basis, and as the case may be on a reducible basis, would not absorb all of an issue, the Board of Directors may use, in the order it would determine, all or some of the abilities provided for by law.

Please note that this delegation of authority may also be used to increase the capital through the capitalization of premiums, reserves, profits or other, either by awarding free shares, by raising the par value of existing shares, or by combining these two processes.

The subscription price of the shares and/or securities issued pursuant to this delegation of authority would be set by the Board of Directors in accordance with applicable laws and regulations.

The capital and debt ceilings for this delegation of authority would be as follows:

- capital ceiling: €290 million, which represented 30.01% of the Company's capital at December 31, 2019. This is a total ceiling for all capital increases (issuances under the eighteenth, nineteenth, twentieth and twenty-second resolutions) (excluding performance shares and capital increases reserved for employees);
- debt ceiling: €1 billion. This is a total ceiling for all the issues of debt securities (issuances under the eighteenth, nineteenth, twentieth and twenty-second resolutions), excluding issuances reserved for employees.

The Board of Directors would have full powers for the purpose of implementing the delegation of authority.

Unless prior authorization has been granted by the General Meeting, the Board of Directors may not use this authorization upon the filing of a tender offer for the Company's shares by a third party, up until the end of the offer.

This delegation of authority, which would be granted for a period of 26 months, would invalidate the delegation of authority granted by the General Meeting of May 28, 2019, under its nineteenth resolution.

### **2.1.2 DELEGATION OF AUTHORITY FOR THE PURPOSE OF INCREASING THE CAPITAL STOCK WITH REMOVAL OF PREFERENTIAL SUBSCRIPTION RIGHTS, BY WAY OF (I) A PUBLIC OFFERING (NINETEENTH RESOLUTION), AND (II) A PRIVATE PLACEMENT (TWENTIETH RESOLUTION)**

Transactions carried out pursuant to these resolutions would be open to the public and/or through private placement with removal of preferential subscription rights.

The securities that may be issued would be shares and/or securities giving access to shares of the Company and/or a subsidiary.

The issuances may be carried out (i) by way of public offerings (nineteenth resolution) with, however, the option for the Board of Directors to institute a non-negotiable right of preemption for shareholders, or (ii) by way of a private placement, that is, through an offering destined solely for a limited group of investors acting on their own behalf or for qualified investors (twentieth resolution). Please note that if the subscriptions would not absorb all of an issuance, the Board of Directors may decide to limit the amount of the issuance to the amount of subscriptions, provided that this amount reaches three-quarters of the issuance, and/or the Board may decide to freely distribute all or part of the unsubscribed securities.

Please also note that the delegation of authority that allows for the issue of securities by way of a public offering (nineteenth resolution) may also be used for the purpose of paying compensation for contributions of securities as part of a public exchange offer in accordance with Article L. 225-148 of the French Code of commerce.

The issuance price of shares would be at least equal to the weighted average price of the Company's shares on Euronext Paris during the three trading days immediately preceding the beginning of the public offering, with a potential discount of up to 10%. The issue price of securities giving access to shares will be the same as the sum collected immediately by the Company, plus, where applicable, the sum it may subsequently collect, that is, for each share issued as a result of the issuance of these securities, at least equal to the minimum subscription price of the issued shares as identified above.

The capital and debt ceilings for this delegation of authority would be as follows:

- capital ceiling: €95 million, which represented 9.83% of the Company's capital at December 31, 2019. This is a ceiling shared by both of these resolutions (nineteenth and twentieth resolutions) and the twenty-second resolution (in-kind contributions of securities), it being understood that this amount is deducted from the total ceiling of €290 million. Please note that regarding the issuances by way of private placement, the ceiling is significantly lower than the legal limit of 20% of the capital per year;
- debt ceiling: €1 billion for each of the nineteenth and twentieth resolutions, it being understood that this amount is deducted from the total ceiling of €1 billion.

The Board of Directors would have full powers for the purpose of implementing the authorizations.

Unless prior authorization has been granted by the General Meeting, the Board of Directors may not use the authorizations upon the filing of a tender offer for the Company's shares by a third party, up until the end of the offer.

These delegations of authority, which would be granted for a period of 26 months, would invalidate the authorizations granted by the General Meeting of May 28, 2019, under the twentieth and twenty-first resolutions.

### **2.1.3 AUTHORIZATION FOR THE PURPOSE OF INCREASING THE AMOUNT OF THE INITIAL ISSUES PROVIDED FOR BY THE RESOLUTIONS EIGHTEENTH TO TWENTIETH RESOLUTIONS (TWENTY-FIRST RESOLUTION)**

This authorization would allow the Company, during a 30-day period starting from the end of the subscription period, to increase the number of shares to be issued in the event of issues carried out (i) with preferential subscription rights (eighteenth resolution), (ii) with removal of preferential subscription rights by way of public offerings (nineteenth resolution), and (iii) with removal of preferential subscription rights by way of private placement (twentieth resolution).

The subscription price of shares or securities issued would be the same as the initial issue price decided pursuant to the eighteenth, nineteenth and twentieth resolutions described above.

Transactions executed as part of this authorization may not exceed the legal limit (currently 15% of the initial issue) and will be deducted from the ceiling stipulated in the resolution under which the initial issuance is decided.

The Board of Directors may not use this authorization, without the prior authorization of the General Meeting, in the event of a tender offer filled by a third party, until the end of such offer.

This authorization, which would be granted for a period of 26 months, would invalidate the authorization granted by the General Meeting of May 28, 2019, under the twenty-second resolution.

#### **2.1.4 DELEGATION FOR THE PURPOSE OF INCREASING THE CAPITAL STOCK, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, IN THE EVENT OF IN-KIND CONTRIBUTIONS TO THE COMPANY (TWENTY-SECOND RESOLUTION)**

The transactions carried out under this resolution would not be open to the shareholders or the public, but only to contributors of securities to the Company. They will be executed without preferential subscription rights.

The securities that may be issued would be shares and/or securities giving access to shares of the Company.

The purpose of such transactions would be to use issues of shares or securities giving access to shares to pay compensation for in-kind contributions of shares and securities giving access to the share capital of the Company.

The capital and debt ceilings for this delegation of authority would be as follows:

- capital ceiling: €95 million, which represented 9.83% of the Company's capital at December 31, 2019 (which is lower than the legal ceiling of 10%). This is a ceiling shared by this resolution and the two resolutions with removal of preferential subscription rights (nineteenth and twentieth resolutions), it being understood that this amount is deducted from the total ceiling of €290 million;
- debt ceiling: €1 billion, it being understood that this amount is deducted from the total ceiling of €1 billion.

The Board of Directors would have full powers for the purpose of implementing the delegation.

Unless prior authorization has been granted by the General Meeting, the Board of Directors may not use this delegation upon the filing of a tender offer for the Company's shares by a third party, up until the end of the offer.

This delegation would be granted for a period of 26 months.

## **2.2 Employee and corporate officer share ownership: authorization to grant performance shares, entailing waiver by shareholders of their preferential subscription right (twenty-third resolution)**

The purpose of this authorization would allow your Board of Directors to grant performance shares, free of charge, to Group employees and corporate officers under the terms of Articles L. 225-197-1 et seq. of the French Code of commerce. Shares granted under this resolution may be existing or future shares.

### Use of the previous authorization

The General Meeting of May 28, 2019, under its twenty-third resolution, authorized your Board of Directors to grant a maximum of 2,000,000 performance shares, the total number of shares awarded to corporate officers not exceeding 10% of this envelope.

The Board of Directors used this authorization in fiscal year 2019: based on the decision of October 9, 2019, it granted a maximum of 1,180,500 shares, including a maximum of 56,220

shares to the Chief Executive Officer. After using this authorization, the balance of shares that may still be granted under this resolution is 819,500.

#### Number of performance share plans

Generally speaking, and not including two plans which were both granted in 2010, a performance share plan has been granted by your Board of Directors every year. To date, eleven plans have been granted on the basis of authorizations given by the General Meeting:

- two plans in 2010 (plan No. 1 and plan No. 2);
- one plan in 2011 (plan No. 3);
- one plan in 2012 (plan No. 4);
- one plan in 2013 (plan No. 5);
- one plan in 2014 (plan No. 6);
- one plan in 2015 (plan No. 7);
- one plan in 2016 (plan No. 8);
- one plan in 2017 (plan No. 9);
- one plan in 2018 (plan No. 10);
- one plan in 2019 (plan No. 11).

#### Review of previous plans - achievement of performance conditions

##### **Expired plans**

The performance condition(s) attached to plans No. 1, No. 5 and No. 6 were achieved at a maximum level, and the shares were definitively vested by their beneficiaries:

- for plan No. 1, in June 2012 (for French tax residents) and June 2014 (for foreign tax resident beneficiaries);
- for plan No. 5, in July 2017;
- for plan No. 6, in July 2018.

The conditions attached to plan No. 7 were achieved at 116.5% (107.5% for the internal net income after tax condition and 130% for the external condition tied to the weighted growth of earnings per share) and the shares were delivered to their beneficiaries in July 2019.

However, as the performance conditions for plans No. 2, No. 3 and No. 4 were not fulfilled, no shares were granted to the beneficiaries in respect of these plans.

##### **On-going plans**

The conditions attached to plan No.8 were achieved at 108% (93% for the internal net income after tax condition and 130% for the external condition tied to the weighted growth of earnings per share). They will be delivered in July 2020, subject to meeting presence condition.

The conditions attached to plan No.9 were achieved at 89% (62% for the internal net income after tax condition and 130% for the external condition tied to the weighted growth of earnings per share). They will be delivered in July 2021, subject to meeting presence condition.

Plans No. 10 and No. 11 are also in progress.

#### New authorization

Under the terms of the new authorization on which you will be asked to vote, the total number of free shares granted would not exceed 2,000,000 as under the previous authorization, it being stipulated that this (i) would be the maximum number that may be granted for the whole of this authorization period and (ii) would be a separate ceiling from the other ceilings provided for by the other resolutions submitted to the General Meeting.

The total number of shares that may be granted for free to executive and non-executive corporate officers may not exceed 10% of the aforementioned amount.

The free share grant to the beneficiaries would become permanent at the end of a vesting period whose length would be set by the Board of Directors and that may not be shorter than

three years. The General meeting would authorize the Board of Directors to decide if it wishes to stipulate a lock-up period at the end of the vesting period.

By decision of the Board of Directors, the vesting of the shares would be subject to the following performance conditions:

- an internal condition related to the Group net income before or after tax before taking into account any exceptional events. This internal condition is assessed by comparing the net income of the third fiscal year after the grant date of the performance shares against that forecast for the same fiscal year in the strategic plan reviewed and approved by the Board of Directors on the grant date of the performance shares;
- an internal condition related to gender diversity within the Group's "Managers and Professionals" category. This internal condition is assessed by comparing the effective percentage of women in the management category of the third fiscal year ended after the grant date of the performance shares with the target percentage set by the Board of Directors on the grant date of the performance shares;
- an external condition related to the growth of your Company's net earnings per share assessed between the last fiscal year before the grant date of the shares and the third fiscal year ended after the grant date of the shares. This condition is assessed against the weighted growth of a reference group made up of twelve comparable international automotive suppliers over the same period.

Alternatively, or in addition to the conditions listed above, the Board of Directors may set performance conditions with targets that are measured in relation to specific criteria of a quantifiable and qualitative nature.

The Board of Directors would have full powers for the purpose of implementing the authorization.

This authorization, which would be granted for a period of 26 months, would invalidate the authorization granted by the General Meeting of May 28, 2019, under its twenty-third resolution.

### **2.3 Employee share ownership; delegation of authority to increase the capital stock with removal of preferential subscription rights in favor of members of a Company savings plan (twenty-fourth resolution)**

This delegation would allow the Board of Directors to increase the capital stock by issuing shares or securities giving access to shares in the Company, with removal of preferential subscription rights for the benefit of members of a company or group savings plan.

The price of the shares and/or securities giving access to shares that may be issued pursuant to this delegation may not be more than 30% lower than the average of the first share prices during the 20 trading sessions prior to the date of the decision setting the opening date of the subscription, or 40% when the lock-up period stipulated in the plan is ten years or more, nor higher than this average;

The capital and debt ceilings for this delegation of authority would be as follows:

- capital stock ceiling: 2% of the capital stock on the day of this General Meeting;
- debt ceiling: €1 billion.

It is stipulated that this ceiling is set independently from the other ceilings set in the other resolutions submitted to the General Meeting.

The Board of Directors may also decide to grant new or existing shares or other securities conferring an entitlement to new or existing shares of the Company in respect of (i) matching contributions made pursuant to the regulations of Company or Group savings plans, and/or (ii) the discount, where applicable.

The Board of Directors would have full powers for the purpose of implementing the delegation of authority.

This delegation of authority, which would be granted for a period of 26 months, would invalidate the authorization granted by the General Meeting of May 28, 2019, under its twenty-fourth resolution.

## **2.4 Cancellation of treasury shares (twenty-fifth resolution)**

This resolution would authorize the Board of Directors to reduce the capital stock through the cancellation of all or part of the shares that your Company holds or may acquire as part of authorized share buy-back programs up to a maximum limit of 10% of the capital stock. It is stipulated that the difference between the carrying amount of the cancelled shares and their par value may be deducted from all available reserve items and premiums, including the statutory reserve, up to a limit of 10% of the capital reduction carried out.

This authorization, which would be granted for a period of 26 months, would invalidate the authorization granted by the General Meeting of May 28, 2019, under its eighteenth resolution.

## **2.5 Amendments to the bylaws (twenty-sixth to thirtieth resolutions)**

### **2.5.1 COMPLIANCE OF BYLAWS WITH THE PROVISIONS OF THE PACTE LAW (TWENTY-SIXTH RESOLUTION)**

You are asked to amend the following articles of the bylaws to comply with the provisions of the law No. 2019-486 of May 22, 2019 on company growth and transformation (the Pacte law). The proposed amendments are as follows:

- Article 12, paragraph 1 of the bylaws on Board members representing employees: repercussion in the bylaws of the reduction in the legal thresholds triggering the obligation to appoint one or two Board members representing employees (one Board member when fewer than nine Board members are elected by the General Meeting, and two Board members above this threshold).

This amendment does not have an impact on the Company which already has two Board members representing employees.

- Article 16, paragraph 1 of the bylaws: taking into account the change in terminology for Board members' compensation with the removal of reference to attendance fees;
- Article 23 of the bylaws on related parties agreement: (i) insertion of the rules on abstention from participation and vote on the authorization concerning regulated agreements, (ii) addition of disclosure rules required when signing a regulated agreement and (iii) addition of the reference to the implementation of assessments for current agreements signed under normal terms.

### **2.5.2 AMENDMENT TO ARTICLE 17 OF THE BYLAWS WITH REGARD TO THE CHAIRMAN OF THE BOARD OF DIRECTORS (TWENTY-SEVENTH RESOLUTION)**

You are also asked to approve the amendment to Article 17 of the Company's bylaws relating to the Chairman of the Board of Directors in order to extend the age limit from 70 to 75.

The Board of Directors will propose to the General Meeting of June 26, 2020, further to the recommendation made by the Governance and Nominations Committee, to increase the age limit set for holding the position of Chairman of the Board of Directors from 70 to 75 and allow for the renewal of the corporate office of Michel de Rosen as Chairman of the Board of Directors. In the context of the potential change to the Company's shareholding structure related to the contemplated distribution of the Company's shares by PSA to its shareholders, the Board of Directors considers that the best way to ensure that governance remains effective, balanced, stable, and visible during this key period for the Company is to maintain the existing current governance and collaboration between the Chairman of the Board of Directors and the Chief Executive Officer.

### **2.5.3 AMENDMENT TO ARTICLE 14 OF THE BYLAWS WITH REGARD TO BOARD OF DIRECTORS' MEETINGS (TWENTY-EIGHTH RESOLUTION)**

Law no. 2019-744 of July 19, 2019 to simplify, clarify and update corporate law introduced the possibility for the Board of Directors to take certain decisions exhaustively listed by the law by way of a written consultation, i.e. to date, appointments of Board members in the event of the vacancy of the position through death or resignation, authorizations to grant sureties, avals and guarantees, amendments to the bylaws in order to comply with legislative and regulatory provisions (subject to their ratification by the Extraordinary General Meeting) and the convening of General Meetings.

The possibility of taking certain decisions by way of a written consultation would enable greater flexibility for the Board of Directors in its decision-making process.

You are asked to approve the amendment to Article 14 of the bylaws on Board of Directors' meetings to enable the Board of Directors to take decisions by way of a written consultation of Board members under the conditions provided by law.

### **2.5.4 AMENDMENT TO ARTICLE 31 OF THE BYLAWS ON THE CROSSING OF THRESHOLDS IN ORDER TO LOWER THE PERCENTAGE TO BE DECLARED AND PROVIDE FOR THE ASSIMILATION CASES PROVIDED FOR BY THE CALCULATION OF LEGAL DISCLOSURE THRESHOLDS (TWENTY-NINTH RESOLUTION)**

You are asked to approve the amendment to Article 31 of the bylaws to (i) lower the percentage to be declared and (ii) provide for the assimilation cases provided for by the calculation of legal disclosure thresholds.

It is recalled that Article 31 of the Company's bylaws currently stipulates that any crossing of the threshold of 2% of the capital stock or voting rights, or any multiple thereof, upwards or downwards, must be declared to the Company within four (4) trading days from the crossing.

In the context of the potential changes to the Company's shareholding structure in connection with the contemplated distribution of the Company's shares by PSA to its shareholders, the Company wishes, during this transition period, to be able to monitor its shareholding structure and changes more accurately. Alignment of the calculation methods for the statutory thresholds with the legal thresholds, with the integration of assimilation cases, as well as the lowering of the 2% threshold to 1% which meets this objective. The Company does not, however, exclude the possibility after this transition period of proposing to return to the current 2% threshold.

### **2.5.5 REMOVAL OF ARTICLE 30 OF THE BYLAWS RELATING TO THE IDENTIFICATION OF SHARE OWNERS AND SECTION IX IDENTIFICATION OF SHARE OWNERS (THIRTIETH RESOLUTION)**

You are asked to approve the removal of article 30 of the bylaws on the identification of share owners and the corresponding section of the bylaws as use of this option is now a right for companies whose shares are admitted for trading on a regulated market since law No. 2019-486 of May 22, 2019 on company growth and transformation (the Pacte law).

## **2.6 Textual references (thirty-first resolution)**

The resolutions submitted to your General Meeting, and more precisely the authorizations and delegations on capital increases, refer to articles in the French Code of commerce according to the current coding.

However, article 22 of law No. 2019-486 of May 22, 2019 on company growth and transformation (the Pacte law) authorizes the government to take all necessary measures by ruling to bring together the provisions of the French Code of commerce concerning companies whose shares are admitted for trading on a regulated market or a multilateral trading system within a specific division.

It appears, therefore, that the numbering of certain articles of the French Code of commerce indicated in the resolutions may be modified following the reorganization of the French Code of commerce indicated above.

In order to avoid any ambiguity in the textual references used and to be able to continue to use the authorizations and delegations approved by your General Meeting, you are asked to note that the textual references indicated in all of the resolutions of this General Meeting refer to the laws and regulations applicable on the date of their preparation and that in the event of a modification in the coding of these, that the textual references corresponding to the new code system would be substituted.

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### **3. EXPLANATORY NOTES TO THE ORDINARY RESOLUTION**

#### **3.1 Powers (thirty-second resolution)**

To conclude, the thirty-second resolution concerns the powers to be given to complete formalities relating to the General Meeting, particularly filing and publicity formalities.

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### **4. INFORMATION RELATING TO ONGOING BUSINESS SINCE THE BEGINNING OF FINANCIAL YEAR 2020**

Information relating to the 2019 financial year, to the events that have occurred since the beginning of 2020 financial year and to the Group's outlook are available in the 2019 Universal Registration Document of the Company accessible on the Company's website ([www.faurecia.com](http://www.faurecia.com)) and the *Autorité des Marchés Financiers*' website ([www.amf-france.org](http://www.amf-france.org)).