

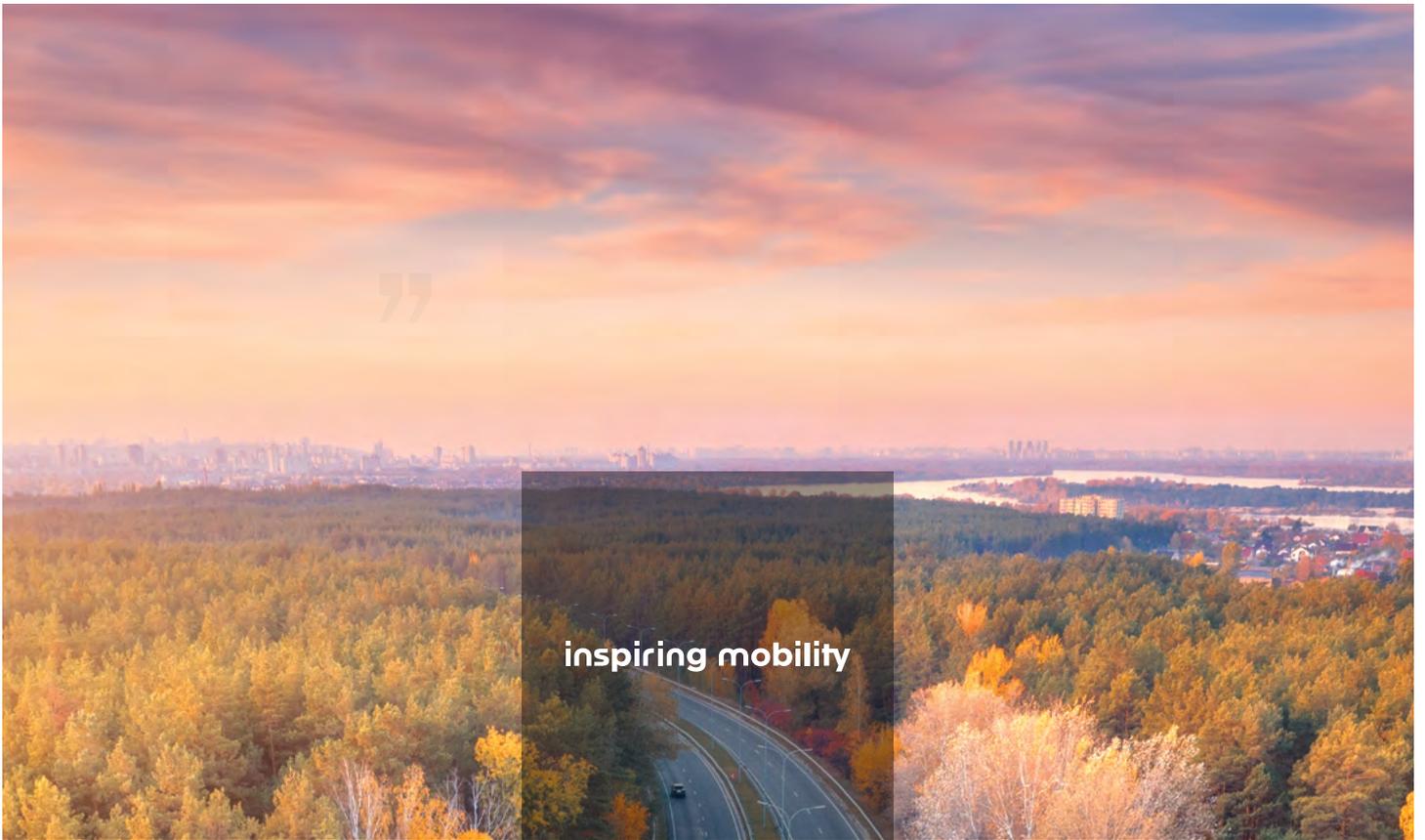
SUSTAINABILITY GUIDE

 inspired to care



JULY
2020

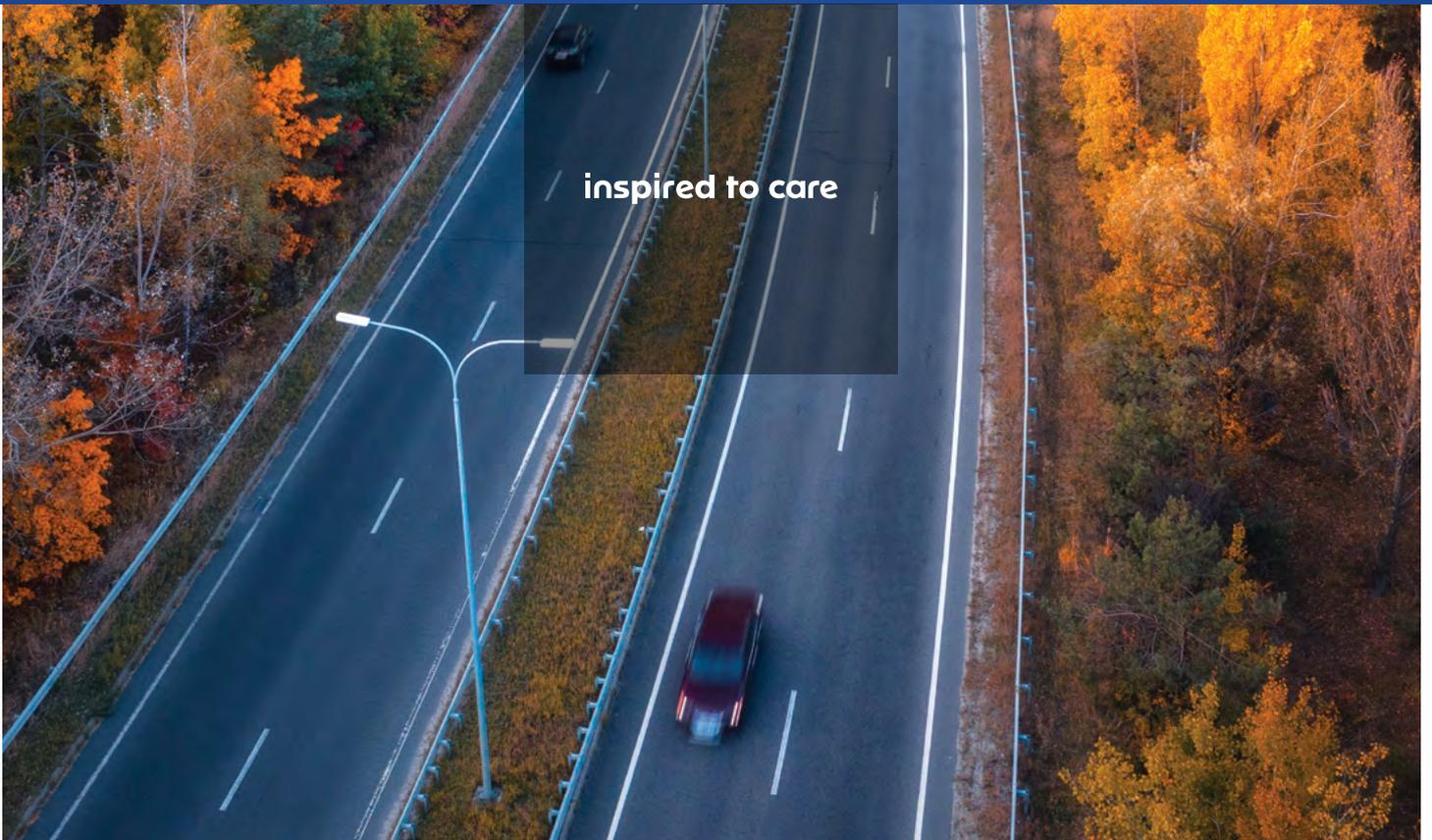

inspiring mobility



inspiring mobility

Faurecia is inspiring the future of mobility through developing technologies for Sustainable Mobility and personalized experiences for the Cockpit of the Future. At the same time we offer solutions to meet the challenges of future generations. We are inspired to care for the planet, our business and society.

This is our approach to sustainability.



inspired to care

Message from Patrick Koller

Faurecia's mission is to develop technologies for Sustainable Mobility and to create personalised experiences for the Cockpit of the Future. At the same time we aim to meet the challenges of future generations. Faurecia's approach to sustainability is an integral part of our corporate culture. Our Convictions and Values reflect our ambition to have a positive impact on society and to curb the effects of climate change.

Faurecia has identified six Convictions which are described in this sustainability guide and is deploying transversal initiatives with defined and measurable improvement indicators for the planet, our business and our people.

Demographic and societal trends are creating environmental challenges that pose a major threat to our **planet**. Faurecia has launched an ambitious program to become CO₂ neutral by 2025 for scopes 1 and 2 and by 2030 for controlled emissions in scope 3. To achieve these ambitious goals, we have a partnership with Schneider Electric to reduce energy consumption and increase the use of renewable energy across all of our sites. At the same time, we are investing heavily in hydrogen technologies for zero emissions mobility and in sustainable materials to reduce the carbon footprint of our products.

For the sustainability of our **business** we are accelerating innovation and are working closely with an ecosystem of academic partnerships, industrial companies and start-ups. Strengthening our ecosystem across the whole value chain is essential to our resilience and long-term value creation. To this end we have accelerated our program for Total Customer Satisfaction and have launched initiatives to work more closely with our suppliers.

For our **people** and our local communities our number one priority is the health and safety of our employees, particularly at this time of pandemic. To prepare our employees for the changes in the workplace we encourage life-long learning for all through Faurecia University. We believe diversity is a strength and foster an inclusive culture to attract and develop future talent. Finally, we have recently launched the Faurecia Foundation to support our employees in developing programs for their local communities in the fields of education, mobility and the environment.

Through this sustainability guide, you will read more about all of our initiatives and targets.

As the world continues to face profound uncertainty and volatility, our belief that companies must have a positive impact on society and work to support future generations is strengthened. Our sustainability approach is the reflection of that ambition.



Patrick Koller
CEO of Faurecia

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17 PARTNERSHIPS FOR THE GOALS



*Faurecia's contribution to the United Nation Sustainable Development Goals

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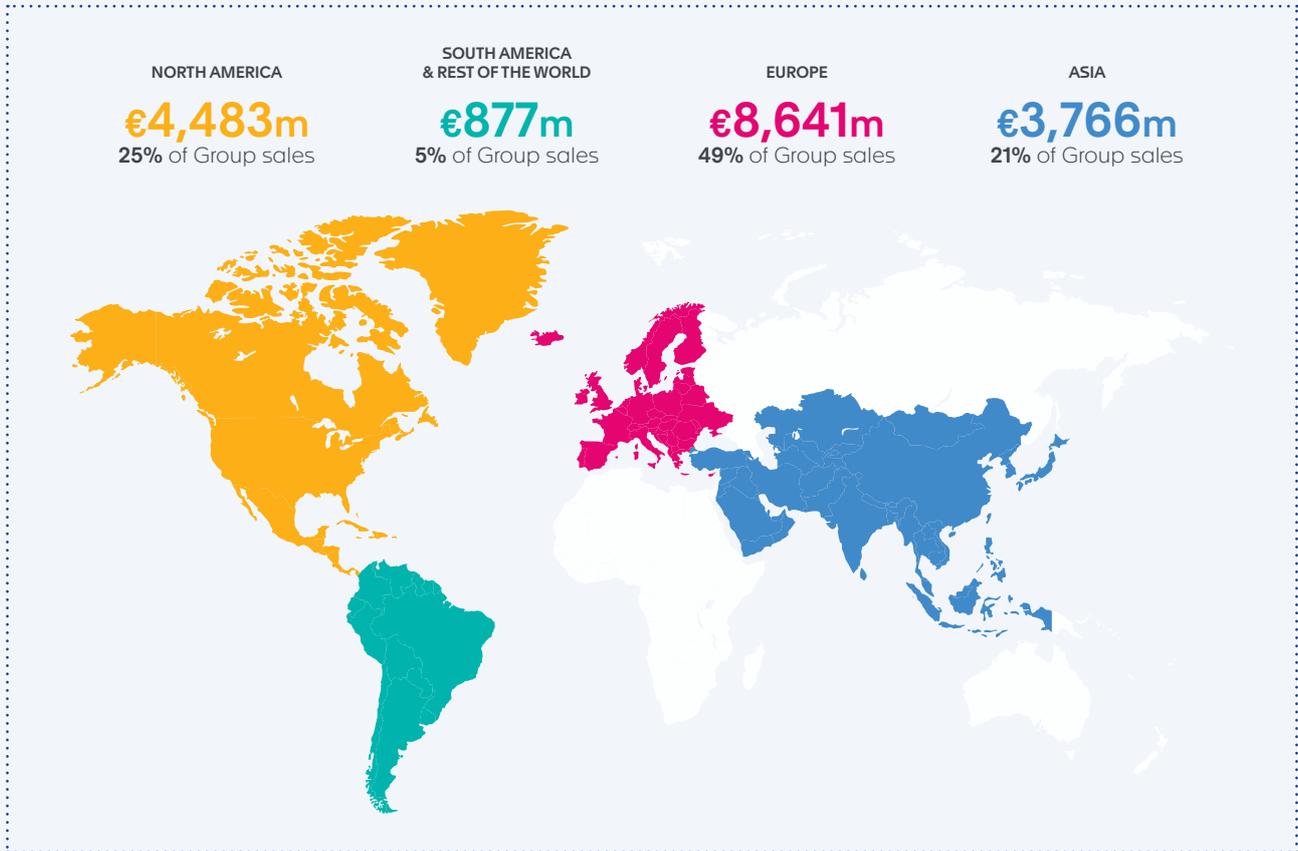
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Faurecia in brief

The automotive industry is undergoing a major technology revolution to adapt to the key megatrends of connectivity, autonomous driving, new mobility solutions and electrification. Faurecia is deploying a strategy aligned with these megatrends and focused on developing solutions for Sustainable Mobility and the Cockpit of the Future. In line with its Convictions the group develops solutions to meet the needs of future generations.

Sales by region



A top ten global automotive technology supplier

The company is organized in four business groups which are accountable for operational performance and Total Customer Satisfaction. The Group's key initiatives for sustainable development, and in particular its ambition to become CO₂ neutral by 2030, are based on its strong Convictions and Values. Its transformation is embedded in a robust, ethical and efficient corporate governance structure.

This document enables all stakeholders to better understand the company's vision and strategy for profitable growth. Faurecia's business model is focused on creating value for all its stakeholders, both in terms of financial and non-financial performance, over the short and long term.

For further information please consult the Group's website www.faurecia.com ©

- €17.8bn**
sales
- 1 in 3**
vehicles in the world equipped with a Faurecia technology
- 4**
activities
Clean Mobility - Seating
Clarion Electronics - Interiors
- 115,500**
employees
102 nationalities
in 37 countries
- 248**
plants
- 37**
R&D centers

Figures as of end 2019

Shared Convictions for CSR

Faurecia Executive Committee



The world is facing major challenges: urbanization, growing population, climate change, technology disruption and social tensions. As members of the executive management of Faurecia, we believe that we have a responsibility to have a positive impact on society and the planet in the light of these major environmental and social challenges. We have six shared Convictions which describe our approach to sustainability. Based on these Convictions we have deployed a number of key initiatives across the Group with defined and measurable improvement indicators.

Environmental issues pose a serious challenge for humanity

Faurecia wants to help cap the rise in temperature by reducing the carbon footprint of its activities and offering solutions for Sustainable Mobility. The Group supports national and international organizations in reducing global warming and by respecting their principles. Air quality poses an increasing threat to health in cities. Through its solutions and partnerships Faurecia works to reduce pollutant emissions and improve air quality.

Companies must have a positive impact on society

Faurecia is a member of the community in each region where it operates worldwide. The Group contributes to economic development and the creation of social value by hiring locally, providing career training and advancement for employees and through a commitment to ethics and social responsibility. Above and beyond its legal obligations, Faurecia has a responsibility to maintain a frank and ongoing dialogue with the communities that surround its sites, to ensure that its operations are harmoniously integrated into each region. As appropriate, the Group initiates or contributes to projects and programs that address local needs, by offering its expertise and resources in support.

Short-term thinking jeopardizes future generations

In an ever-changing world, Faurecia must invest in its future and in particular in technology, new business models and learning. The Group must preserve natural resources and meet environmental challenges for the well-being of future generations. At the same time, in order to maintain the confidence of its customers and shareholders, it must deliver short-term financial and operational performance. Faurecia must be able to balance both long-term and short-term objectives and not jeopardize one at the expense of another. Its culture enables it to combine rigor and discipline in short-term execution with a long-term vision.

Power must have a counterbalance

Faurecia believes in a system of transparency and dialogue. Each employee and stakeholder can voice an opinion, criticism, or alternative suggestion or report a violation without fear of personal consequences and in complete transparency. The Group believes in open, responsible and balanced dialogue, based on mutual recognition and an acceptance of the legitimacy of each viewpoint. Faurecia's relationship with its suppliers is guided by the principles of respect and partnership to create long term value for both parties. The Group views and respects collective representation of employees and social dialogue in the same proactive and constructive spirit.

Diversity is a strength

Diversity in the workforce with regard to gender, place of origin, cultural or educational background, experience or any other difference is a source of strength. Thanks to Faurecia's diversity, the Group has a better understanding of customer expectations and takes better decisions. It encourages the broadest possible diversity through recruitment and career management and by fostering workplace conditions and a flexible organization that are adapted to individual needs.

The world is in a state of permanent disruption

Technology is rapidly changing Faurecia's business models and working methods. The Group must anticipate the next trends, remain agile and invest in innovation and education. It strives to ensure the employability of its employees throughout their working life through lifelong learning, professional mobility and on-the-job training. This is the best guarantee for ensuring that everyone can reap the benefits of technological advances and changing work practices. For younger generations Faurecia has extensive programs of apprenticeships, work/study, volunteers for international experience (VIE) and internships that both provide the Group with a talent pool and enable extensive on-the-job training and cultural integration.

From left to right: **François Tardif**, Executive Vice President, Faurecia China - **Thorsten Muschal**, Executive Vice President, Sales and Program Management - **Nolwenn Delaunay**, Executive Vice President, Group General Counsel and Board Secretary - **Yann Brillat-Savarin**, Executive Vice President, Group Strategy - **Jean-Paul Michel**, Executive Vice President, Faurecia Clarion Electronics - **Eelco Spoelder**, Executive Vice President, Faurecia Seating - **Christophe Schmitt**, Executive Vice President, Group Operations - **Kate Philipps**, Executive Vice President, Group Communications - **Jean-Pierre Sounillac**, Executive Vice President, Group Human Resources - **Patrick Koller**, Chief Executive Officer - **Mathias Miedreich**, Executive Vice President, Faurecia Clean Mobility - **Hagen Wiesner**, Executive Vice President, SAS Interior Modules - **Patrick Popp**, Executive Vice President, Faurecia Interiors - **Michel Favre**, Executive Vice President, Group Chief Financial Officer

Faurecia Sustainability Roadmap

Achieving quantifiable results by 2022

Faurecia's CSR strategy focuses on the planet, business and people

For each of these areas we have developed initiatives, aligned with our Convictions, with quantifiable progress targets for an initial period from 2019 to 2022. Simultaneously ambitious and achievable, these goals for 2022 were drawn up in collaboration with all of the Business Groups and support functions.

planet

GHG emissions	-20% by 2022 CO ₂ tons equivalent per million euros of sales Scopes 1 & 2
	CO₂ neutrality by 2030
Energy efficiency	-10% by 2022 MWh per million euros of sales
EcoDesign in products	100% of new innovation projects and 80% of the products portfolio screened by the EcoDesign methodology by 2022
Waste treatment	-5% by 2022 Tons of wastes in landfill per million euros of sales

business

Plant risk assessment for product quality	5% in 2022 Percentage of plants at risk based on internal risk assessment
Patents	500+ per year Number of new patents filled
Stakeholders satisfaction	Ranking >4/5 stars in 2022 Index based on the Total Customer Satisfaction
	Ranking 2.95/4 stars in 2022 Index based on the supplier survey

people

Safety at work	-30% by 2022 FRT, number of accidents per million hours worked without day lost
Employee satisfaction	67% in 2022 engagement index based on the employee survey
Employability	24h per employee per year Number of training hours per employee by 2022
Gender diversity	27% of women managers and professionals by 2022
	21% of women among the top 300 by 2022
	30% of women among the top 300 by 2030
Cultural diversity	39% of non-Europeans among the top 300 by 2022
Societal engagement	10 projects by 2022 financed by Faurecia Foundation
	+1,100 projects per year to support local communities led by sites

Each of these goals has been integrated into internal action plans to enable the relevant teams to steer their projects, and to measure the results achieved with regard to the expectations and commitments made by the Group to its stakeholders.

Faurecia's contribution to the SDGs



Faurecia supports the United Nations SDG program aiming to achieve a better and more sustainable future for all. In 2019, Faurecia identified to which of the 17 SDGs it is making a contribution through its sustainable development actions and its operations.

planet

6 CLEAN WATER AND SANITATION

- Increasing water use efficiency

7 AFFORDABLE AND CLEAN ENERGY

- Producing on site & sourcing externally renewable energy

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Sustainable management of waste

13 CLIMATE ACTION

- Reducing Faurecia's carbon footprint to achieve CO₂ Neutrality by 2030

business

3 GOOD HEALTH AND WELL-BEING

- Fight against mortality and road injuries via Faurecia's quality and product safety policy

8 DECENT WORK AND ECONOMIC GROWTH

- Respect and promotion of international principles relating to human rights and labor law throughout our value chain

10 REDUCED INEQUALITIES

- Fighting against discrimination

11 SUSTAINABLE CITIES AND COMMUNITIES

- Air quality innovations particularly suited to urban areas

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- EcoDesign of products

13 CLIMATE ACTION

- Development of solutions for zero emission mobility and for air quality

17 PARTNERSHIPS FOR THE GOALS

- Partnerships for sustainable innovation with key players in the industrial and technological sectors

people

3 GOOD HEALTH AND WELL-BEING

- Implementing uncompromising workplace safety and risk prevention policies

4 QUALITY EDUCATION

- Training and skills development of Faurecia's employees, in particular via our internal Faurecia University
- Support for solidarity and local initiatives in favor of education

5 GENDER EQUALITY

- Specific promotion and development of women
- Fighting against discrimination and for professional equality

8 DECENT WORK AND ECONOMIC GROWTH

- Active prevention of accidents at work and occupational diseases

10 REDUCED INEQUALITIES

- Societal actions

17 PARTNERSHIPS FOR THE GOALS

- Active societal engagement with local communities, NGOs



our goal

For the planet, our goal is to become CO₂ neutral by 2030

The global ecosystem, as well as humanity, is facing a serious challenge due to structural environmental disturbance such as climate change and poor air quality in cities. CO₂ and other Greenhouse Gas (GHG) emissions intensify global warming and cause massive disruptions to our climate. Transport – by road, rail, air and sea – accounts for around a quarter of global CO₂ emissions, with passenger cars alone being responsible for 44% of this total. With the global megatrend of urbanization and increasing mobility density in urban areas, the automotive industry has a responsibility to initiate measures to reduce GHG emissions, promote the use of renewable energy and reduce transport's environmental impact.

CO₂ neutrality is essential to curbing the effects of climate change, and governments, citizens, and companies like Faurecia are accelerating their initiatives. Evaluating and rethinking the way of developing, procuring, manufacturing, distributing and disposing of products, and to gradually move away from a "take, make and waste" paradigm in favor of a circular economy will be key on the way to carbon neutrality.

Towards the end of 2019, Faurecia launched its CO₂ Neutral project, with several milestones and a target to become CO₂ Neutral by 2030 for scopes 1, 2 and 3 controlled emissions (excluding use of sold products). CO₂ emissions were estimated at around 7.5 million tons of CO₂ in 2019. Faurecia's emissions reduction targets have been approved by the Science Based Target initiative (SBTi) and are consistent with the reduction required to keep global warming to 1.5°C, the most ambitious goal of the Paris Agreement. Deployed in 2020, the CO₂ Neutral project is focusing on three main trajectories through operations, design and sequestration. Faurecia has started reducing the environmental & CO₂ footprint of all sites and activities through energy and transport purchases. The company also addresses the CO₂ footprint of its products by using sustainable materials & processes.

Finally, and as part of its core activities, Faurecia continues to offer innovative solutions for Sustainable Mobility for passenger vehicles, commercial vehicles and high horsepower engines. The Group is committed to helping the automotive industry move towards zero emissions, in particular through its ambition to become a leader in fuel cell technology.

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CO₂ footprint reduction of Faurecia's activities

As a major player in the automotive industry, Faurecia is engaged in a journey towards CO₂ neutrality (by 2030) in line with the Paris Agreement's aim to limit global warming to 1.5°C. Faurecia has set two milestones in 2025 & 2030 and follows the highest sustainability standards.

Greenhouse gas emissions related to Faurecia's operations are accounted for both as direct emissions from controlled facilities and indirect emissions from energy sourcing (scopes 1 and 2 respectively). In order to reduce CO₂ emissions in scopes 1 and 2, Faurecia has launched a partnership with Schneider Electric.

Faurecia is committed to purchasing increasingly low-carbon electricity, in collaboration with its suppliers, site by site. In 2020, a global action plan was launched over the 2020-2025 period to produce or buy more carbon-free electricity.

Faurecia is reorganizing its purchasing process for low-carbon raw materials and services (scope 3). Faurecia has launched a project to measure CO₂ emissions precisely and reduce them by using less, smarter and for longer.

In 2019, Faurecia put in place a dedicated CO₂ neutrality team to continuously develop and consistently execute the Group's CO₂ neutrality roadmap. The CO₂ team is embedded in the Group's strategy function and is headed by a CO₂ neutrality project Vice President. The central organization has an operational interface network into all Business Groups for a holistic roadmap implementation. CO₂ policies and clear short-term, mid- and long-term targets are being set for all business functions.

highlights

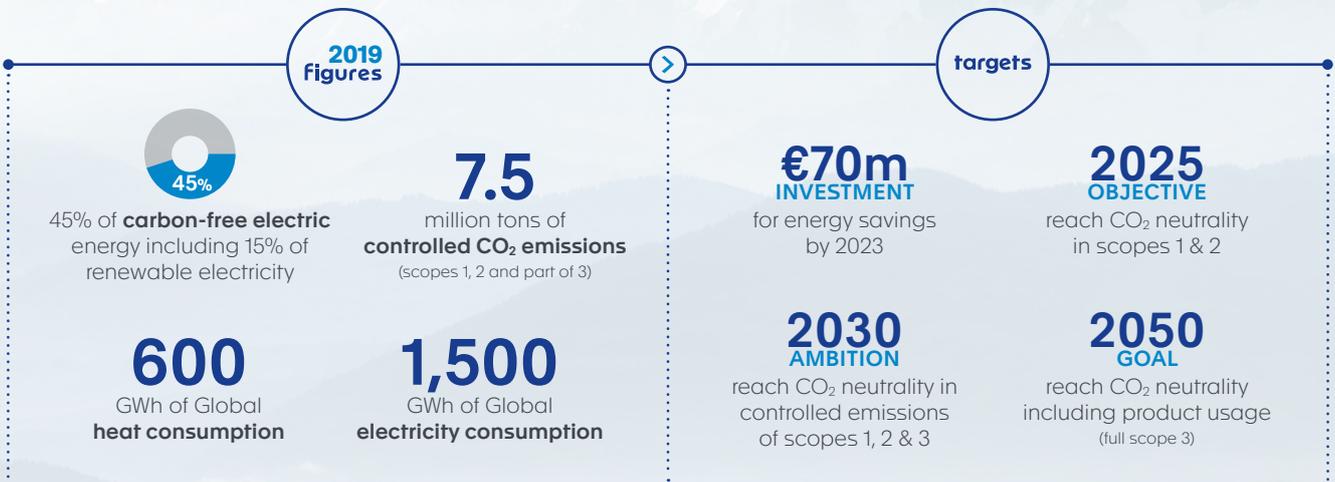


Faurecia's emissions reduction targets have been approved by the Science Based Target initiative (SBTi) for its operations (scopes 1 and 2) and are consistent with the reduction required to keep warming to 1.5°C, the most ambitious goal of the Paris Agreement and the most ambitious designation available through the SBTi process. SBTi states that "Faurecia commits to reduce absolute scope 1 and 2 GHG emissions 80% by 2025 from a 2019 base year. Faurecia also commits to reduce absolute scope 3 GHG emissions 46% by 2030 from a 2019 base year." Beyond this commitment, Faurecia's objective is to reach 100% reduction by 2050.



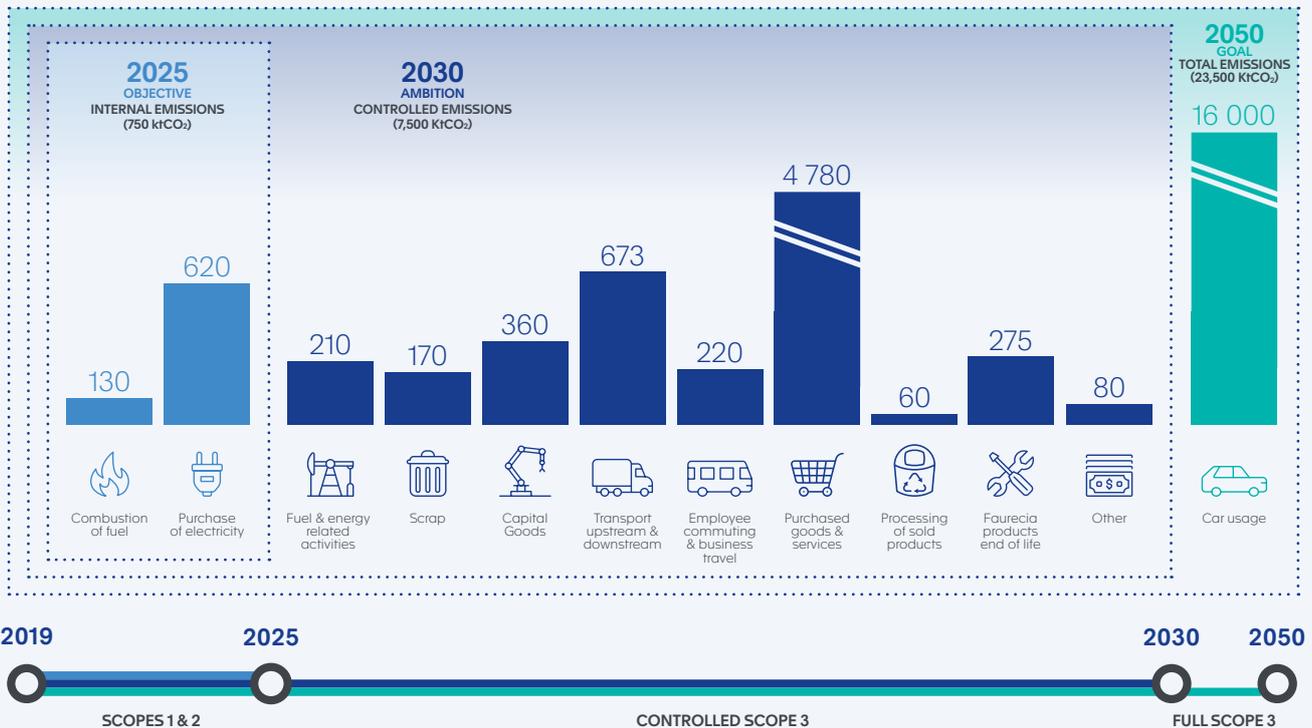
Faurecia is ranked "A-" by the CDP in the Climate Change 2019 questionnaire.

- Faurecia has entered into partnership with Schneider Electric to elaborate an action plan for 300 sites, to optimize energy sourcing and to use less and different energy, which will involve the installation of on-site and off-site photovoltaic panels and wind turbines.
- Faurecia's digital transformation supports its CO₂ neutral objective, with AI-powered energy & emission monitoring and reduction software systems.
- Since 2019 Faurecia has applied the recommendations of the Task Force on Climate-related Financial Disclosure.



Decarbonizing across the value chain

Faurecia 2019 CO₂ emissions breakdown in Kg tons CO₂ equivalent



CO₂ neutral in Production

Clean Energy

- On-site renewable energy production
- External renewable energy sourcing
- Reach fully decarbonated energy

Energy Saving

- Electricity & heat reduction
- >15% energy savings

Investment

- 70 million euros to achieve our objective

Partnership with **Schneider Electric**



CO₂ neutral in Product Design

Use less Steel & Plastics

- Lightweighting initiatives

Use Better Steel & Plastics

- Use green steel
- Increase share of recycled material
- Use bio content

Partnership with **raw materials suppliers**



CO₂ neutral in Product Usage

Shift to electric mobility

Circular Economy

Compensation

Partnership with **customers**

2025 OBJECTIVE

CO₂ NEUTRALITY
IN SCOPES 1 & 2

2030 AMBITION

CO₂ NEUTRALITY
IN SCOPE 3

2050 GOAL

FULL CO₂ NEUTRALITY
IN SCOPE 3

Environmental management

vision

Reducing waste and preserving resources

In order to best preserve the resources needed for their production processes (energy and raw materials), Faurecia's industrial sites try to recycle and recover a maximum amount of the waste generated throughout the production chain. Sites are implementing local initiatives that improve the sorting of waste, recovery of waste as energy or material, and reincorporating production scraps into processes or reusing waste.

highlights

- o This approach, which is a strong component of the Faurecia's environmental policy, is reinforced by a broad ISO 14001 certification program managed by the Faurecia Business Groups for all production plants with over 2 years' activity.

2019
figures

249,800t

of **waste** generated by Faurecia's sites
(62% non-hazardous waste)

1,670t

of **VOC emissions**
(Volatile Organic Compound)

2,978,000m³

of **water** was used
(16% less vs 2018)

74%

of waste from sites was **recycled, recovered or reused externally** and 18% of waste was disposed of in landfills

13%

of waste is reclaimed through **energy recovery**
(stable at constant scope compared to 2018)

77%

of sites certified **ISO 14001**

2022
target

-5%

tons of **wastes in landfill** per million euros of sales

Sustainable materials & circular economy



vision

Use less, better and longer

Faurecia is committed to develop and include more sustainable materials (recycled, recyclable, bio-sourced...) in its products and extend the life of materials to help reduce the CO₂ footprint of products and more widely support a circular economy with its customers in the automotive market.

- Use less and different material through **eco-design** and **less waste**
- Increase the share of **recycled materials** (especially in polymers and steel)
- Increase the share of **bio-sourced** materials
- **Reduce the use of virgin raw materials** with innovative technologies

Contributing to the circular economy

The circular economy designates an economic model whose goal is to produce goods and services in a sustainable manner by limiting consumption and the waste of resources (raw materials, water, energy) as well as generation of waste. Committed to the circular economy, Faurecia is using natural and processed resources in its production by optimizing:

- Supply sources and production processes;
- The use of by-products and waste treatment methods (reuse, recycling and recovery);
- End-of-life product recyclability.

approach

Eco-design checklist

For each innovation and development project, the different components of eco-design – the presence of substances of concern, recyclability, the environmental impact and interior air quality – are checked using an eco-design checklist.

The possibility of recycling end-of-life products is studied with a view to integrating the best solutions, ensuring reduced environmental impact and considering all utilization cycles at the design stage. Faurecia also participates in the eco-design working group under the auspices of the Verband der Automobilindustrie (VDA), which aims to stimulate dialogue and deepen knowledge on this topic for the automotive industry.

Life Cycle Analysis (LCA)

Faurecia evaluates the LCA of its key innovation projects, based on the ISO standards 14040 and 14044. The Group is an active participant on three Life Cycle Assessment working groups led by the main industry associations. The Group advocates for common guidelines and homogeneous process for the industry:



These working groups endeavor to establish a common methodology for life cycle assessments in the automotive industry and engage in dialogue on the main assessment results that are available.

Faurecia Circular Economy Focus

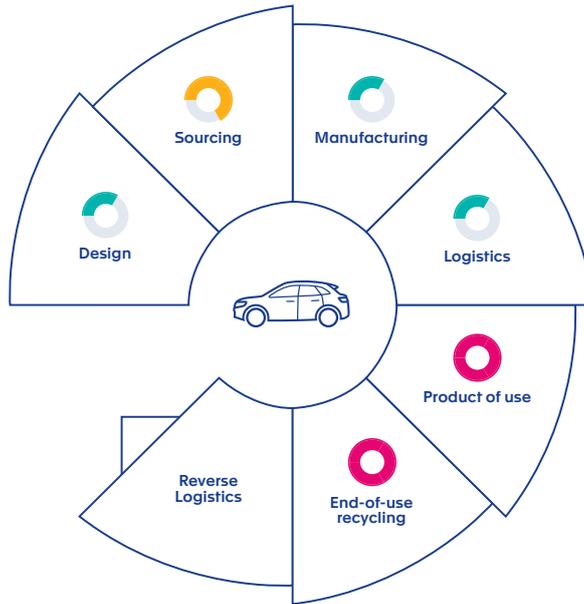
CIRCULAR INPUT 1st LIFE

Recyclable

- Plastics mainly: fewer materials, sortable
- Steel & Plastics: disassemble

Renewable

- Renewable electricity
- Bio-fuels



RESOURCE RECOVERY 2nd LIFE

Recycled

- Steel and Plastics mainly

PRODUCT USE EXTENSION EXTENDED LIFE

Extended

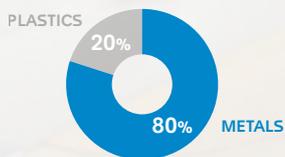
- Electronics: repairing
- Interiors & Seats: refurbishing
- H₂ tank: lifetime extension

highlights

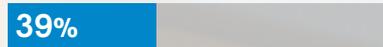
- **Circular economy:** Faurecia Clarion Electronics (FCE) offers a multi-brand repair service throughout Europe. In 2020, FCE expanded its partnership with the PSA Group. They launched a circular economy offering of electronics repairs in Europe by refurbishing, repairing and replacing electronics components to improve customer satisfaction, offer a cost-effective solution and reduce the carbon footprint of these products by up to 85%. FCE is the only multi-brand repairer in the world to also be a manufacturer. About 30,000 repairs of electronic equipment are processed each year in FCE's workshops.

2019 figures

METALS & PLASTICS MATERIALS PURCHASED



RECYCLED METALS & PLASTICS MATERIALS



of the total weight of metal and plastic raw materials purchased by the Group were **recycled materials**

- 49% of metals
- 7% of plastics

Clean technologies



vision

Innovating for clean technologies to protect the environment

Reducing CO₂ emissions, and improving air quality and energy efficiency have been at the heart of Faurecia's innovation for over 20 years. The Group makes significant investments in new technologies such as fuel cell electric vehicles (including through its joint venture Symbio) and continues to develop weight-reduction solutions and other technologies to reduce fuel consumption. Its Clean Mobility Business Group is a key driver of the transition toward sustainable mobility.

approach

With its innovative solutions, Faurecia is accelerating zero-emissions mobility, improving urban air quality, and reducing emissions from all types of vehicles.

Fuel cell systems for zero-emission mobility

Fuel cell technology offers an attractive and complementary alternative to battery electric vehicles. By 2030, it is estimated that at least 2 million new vehicles and well over 350,000 trucks will be equipped with fuel cell technology. Faurecia and Michelin created Symbio, a joint venture bringing together all their activities dedicated to hydrogen fuel cell technologies with the aim of becoming a world leader in hydrogen mobility.

Bio-sourced materials for a cleaner urban mobility

Faurecia offers bio-sourced materials (vegetable fibers mixed with a resin) that can reduce the weight of vehicle parts and attain high performance in reducing environmental impact, using two technologies: Lignolight technology and NAFILean technology (NATural Fiber Injection, a hemp-fiber-based material used to produce injected parts for instrument panels, door panels and center consoles).

Emissions reduction systems for an ultra-low emission mobility

Faurecia provides after treatment systems for passenger and commercial vehicles in order to reduce CO₂ emissions and noise levels and recover waste energy, among which: Recirculation of low-pressure exhaust for gasoline engines (EGR); Compact Exhaust Heat Recovery System (EHRS); Electrically Heated Catalyst (EHC); Gasoline Particle Filter.



NAFILean™ is starting to become a new automotive standard, having been adopted by OEMs on a series of vehicles (PSA, FCA, Jaguar Land Rover, Renault Group, including Nissan and Mitsubishi).



Fuel Cell: Faurecia Michelin Joint Venture

To develop its hydrogen strategy and accelerate its aim to become a world leader in hydrogen mobility, Faurecia has created Symbio, a joint venture with his partner Michelin. Through Symbio, Faurecia and Michelin bring together the two Groups' hydrogen fuel cell stack activities, with an initial investment of €140 million. The two partners started to build a new plant dedicated to the production of fuel cell stacks in the Lyon region.

- **Zero emission mobility:** Faurecia has created its global center of expertise dedicated to the development and production of hydrogen storage systems in Bavans (France), representing an initial investment of €25 million and the creation of 60 high value-added jobs. This center of expertise will supply new-generation high-pressure tanks from mid-2021. The Group also plans to build a larger plant in France, which would represent an additional investment of around €50 million and the creation of 150 jobs.
- **Ultra-low emission mobility:** Faurecia received Automotive News magazine's 2019 PACE award for the innovative solution offered to a key General Motors program to save fuel and reduce CO₂ emissions. Called "Resonance Free Pipe™" (RFP™). This technology reduces the weight and the architectural complexity of exhausts by eliminating resonance.



2019 figures



the share of sustainable mobility solutions in the Group sales

2030 targets

The Group aims to **make hydrogen mobility a more attractive option for automakers** to integrate into their electric vehicle range as this technology matures and refueling infrastructure develops.

$$\div 4^{H_2}$$

Divide the cost of hydrogen storage systems by 4

$$\div 6^{FUEL CELL}$$

Divide the cost of fuel cell stacks by more than 6 through the Symbio joint venture



our goal

Our goal is to become the preferred partner of automakers around the world providing solutions to meet their needs with a strong ecosystem across the value chain.

Over the years, Faurecia has become one of the leaders in the automotive industry thanks to the Group's dedication to innovation, quality, safety, and business ethics. These essential values are incorporated in all aspects of the Group's activities to ensure total customer satisfaction, the health and well-being of Faurecia's employees and a strong ecosystem of suppliers and stakeholders across the value chain.

In an environment of permanent disruption, Faurecia accelerates its investment in innovation for Sustainable Mobility & the Cockpit of the Future and works with an open ecosystem of industrial partners, academic and research establishments and start-ups for rapid time to market.

The Group's Total Customer Satisfaction culture is founded on a global quality approach based on rigorous standards embedded in the Faurecia Excellence System and the Program Management Core System. The Faurecia Excellence System ensures a zero-defect approach and continuous improvement whilst ensuring the safety of its employees.

Faurecia is committed to building strong and lasting relationships with suppliers whose priorities and values are aligned with its own. According to Faurecia's sustainable purchasing strategy, 80% of direct suppliers are currently evaluated on their ethical, social and environmental practices in compliance with the Group's standards.

The business growth of Faurecia relies on strong values for ethics and a strict respect for compliance. These are embodied in the Group's Code of Ethics and Code of Conduct.

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Innovation investment



vision

Sustainable Mobility and the Cockpit of the Future

The automotive industry is undergoing a major technological revolution driven by electrification, connectivity, autonomous driving and new mobility business models such as ride-sharing. As a consequence, automakers are having to invest an unprecedented amount in innovation and new technologies, and they are increasingly looking to their supplier partners to support them and share the investment.

Developing solutions to meet the challenges facing the automotive industry

Faurecia's strategy is to provide intelligent solutions for Sustainable Mobility and the Cockpit of the Future. The Group is investing significantly in powertrain electrification and zero emissions solutions focusing on fuel cell technologies. It has also recently made a major move into cockpit electronics and driver assistance systems through the creation of its Faurecia Clarion Electronics Business Group.

approach

Acceleration of innovation ecosystems and transformation initiatives

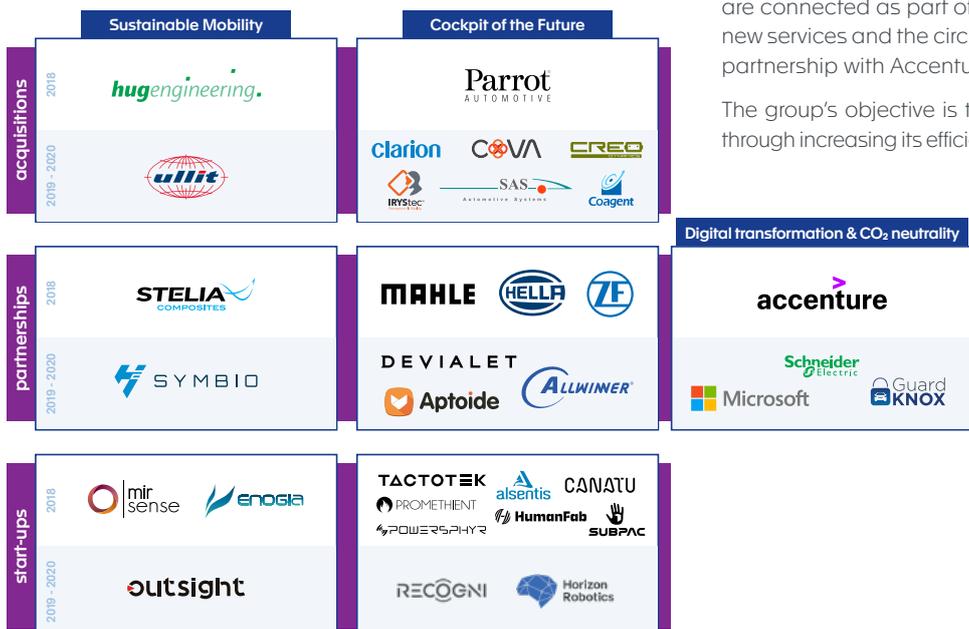
Across all of its businesses, the group accelerates its time to market and the acquisition of key competences through:

- Technical partnerships with industrial companies such as ZF, for the development of disruptive and differentiating interior and safety technologies for autonomous driving or Mahle, to collaborate on technologies for thermal management of the Cockpit of the Future.
- Creating joint ventures such as Symbio for fuel cell stacks
- Working with start-ups

- Partnering with academic institutions such as Ecole Centrale de Nantes for composites, Collège de France for polymers and fuel cell technologies, Technische Universität Dortmund for metal material, Supelec-Esigelec for mechatronic systems, and the Indian Institute of Science for sensors.

In addition, the Group is a key player in associations and think tanks such as Movin'On and the Hydrogen Council for Sustainable Mobility. The Group is also investing in innovation for its digital transformation and is accelerating its artificial intelligence strategy not only for industry 4.0 but also to ensure that all of its products are connected as part of the Internet of Things (IoT) to facilitate new services and the circular economy. To this end it has a major partnership with Accenture.

The group's objective is to increase its investment in innovation through increasing its efficiency and reducing its development costs.



- Showcased at the CES Las Vegas 2020, the combination of Faurecia Clarion Electronics' camera and sensors, computer vision and Advanced Driver Assistance Systems (ADAS) are the fundamental techno-bricks behind our autonomous and automated parking solutions. Intelligent systems make driving maneuvers easier and more convenient, while improving passenger and road safety. Using an app, the driver summons his or her vehicle, and driverless vehicle uses the map generated while parking to recalculate its route, and monitor the environment to avoid obstacles on its return back to the driver.



- Faurecia and Aptoide, one of the largest independent Android app stores, have created a joint venture to develop and operate Android app store solutions for the global automotive market. Together, they offer OEMs an affordable and secure automotive apps market, available worldwide with adaptable content per region.
- Faurecia and Microsoft have combined their expertise in edge-computing, artificial intelligence, cloud-based services and cockpit integration to enable occupants to stay connected, productive and entertained while in the car. Together, they developed services that improve comfort, wellness and infotainment, bringing digital continuity from home or the office to the car through access to content on demand or collaborative working platforms.

2019 figures

610

first-filing patents
+50% vs 2018
including 134 for
Faurecia Clarion Electronics

€235m

invested in innovation
+24% vs 2018

25%

of the patents filed relate
to sustainable mobility

8,500

engineers

110

AI experts

2022 targets

500+

first-filing patents
per year*

* Target developed prior to the acquisition of Clarion

Product quality & safety management



vision

Faurecia puts quality and service at the core of its operational excellence. This is essential for Total Customer Satisfaction and is particularly important as some Faurecia products play an important role in passive safety.

The Group sees quality through its ability to meet and exceed its direct and final customers' expectations throughout the product lifecycle. Each part that enters the supply chain is associated with design rules that guarantee the system's performance and its longevity. This policy is represented within the Group's Total Customer Satisfaction strategy to support its competitive position in quality and customer loyalty.

Product safety at production stage

At Faurecia, building quality is far more important than simply monitoring quality. The Faurecia Excellence System, the Program Management Core System and the Total Customer Satisfaction strategy are at the heart of its production systems.

Faurecia's Total Customer Satisfaction approach was strengthened in 2019 by a new worldwide approach and quality strategy, which includes revised problem program, risk prevention to support the goal of zero defects at any time, and updated program management tools such as failure modes, effects and criticality analysis.

Group Quality certifications

The Group is managing quality according to the most stringent requirements of the automotive industry through certifications:

- **IATF 16 949 and ISO 9001** ⊕

Quality management in the automotive industry: this international standard aims to harmonize the different assessment and certification systems while outlining the quality management system requirements for organizations working in automotive production, service and/or accessory parts of the automotive industry.

- **ISO 26 262** ⊕

Functional safety & data security: Faurecia has launched a pilot for certification of its electronic parts for some of its European customers.

- **TISAX** ⊕

Trusted Information Security Assessment eXchange certification: the Information Security, physical, digital and management systems audit is dedicated to the automotive industry based on ISO27001.

approach

A zero-defect culture

Based on a zero-defect culture, the Faurecia Group's quality approach is managed through:

- **Faurecia Excellence System (FES)**

Faurecia's production and operations are managed through the Faurecia Excellence System (FES). This system is designed to continuously improve the quality, cost, delivery and people performance of the Group. FES complies with the requirements of the quality, environment and safety standards of the automotive industry including OHSAS 18001. Based on the best internal and external practices of lean manufacturing, FES makes it possible to secure optimal operational performance at Faurecia's production plants, whatever their geographical location and their local activity specificities, thanks to common working methods and language.

- **Faurecia's Program Management System**

Ensures monitoring of the expected schedule, costs and level of quality, following periodic reviews to validate progress on various subjects such as customers' needs, product development and production.

Tracks quality throughout the development process, based on risk analysis. It involves a review of the FES audits and risk management to provide appropriate support to achieve customer satisfaction.

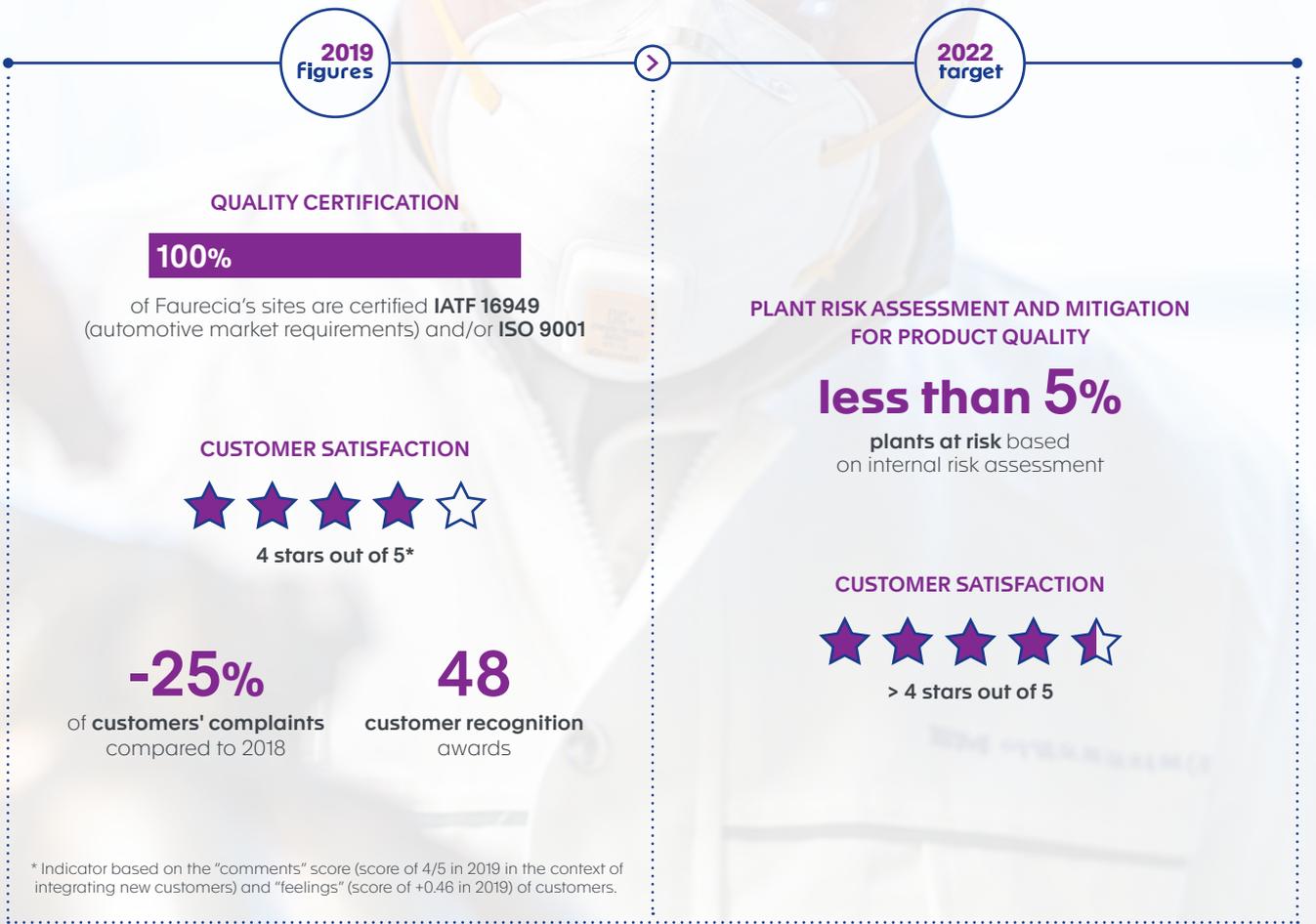
These management systems are enshrined in the quality management manual which builds on strong supplier management and the promotion of employee autonomy. Faurecia also developed a Quality Academy in 2019 for all employees to ensure knowledge and solid application of quality practices. The academy started with production scope and is progressively being extended to other areas, including program, purchasing, and engineering.

Plant risk assessment for product quality

On a daily basis, Faurecia monitors the quality of the customer programs in sites (one program corresponds to the manufacture of products for a car model to be released on the market). This monitoring by the Operations and Sales department is based on an indicator index for evaluating potential sites at risk. Thus, on more than 500 ongoing programs around the world, in 2019 Faurecia identified 16 potential sites at risk among 259 sites in total, according to 16 criteria which assess the maturity of the site, the human resource management, number of programs managed, sales, and customer satisfaction. Actions to mitigate risks are defined and monitor continuously.

highlights

- o **Engaging with suppliers on quality:** Supplier quality conventions are regularly organized to reinforce the partnership for improved quality performance between Faurecia and its suppliers and engage them through workshops on Faurecia Quality Basics & Fundamentals.
- o In June 2020, Faurecia **received the General Motors' Supplier of the Year Award** recognizing the Interiors Business Group's ability to go above and beyond GM's requirements, providing them with the most innovative technologies and highest quality in the automotive industry.





Corporate Social Responsibility is fully embedded in Faurecia's purchasing strategy. Social, environmental and fair economic business practices are key elements in the Group's relationship with its partners.

Walking the talk in responsible purchasing

Based on the Group's Convictions and its Code of Ethics, Faurecia has developed a Code of Conduct for Sourcing and Supply Chain which outlines its expectations in its relationships with its suppliers. This Code of Conduct is available on the Group's dedicated supplier section of its website. It covers the commitments that Faurecia expects of its suppliers in terms of compliance with the law and local practices and responsible supply chain management. It also outlines the requirements in terms of labor and social policy, environmental and business practices.

Suppliers are regularly audited by Faurecia or a third party to ensure compliance with the policy. A CSR assessment is also fully embedded into the Group's supplier management strategy.

At the operational level, Faurecia ensures that its CSR commitments are met by its suppliers through a robust process in the sourcing phase and during serial life. Faurecia ensures during those phases strict compliance with:

- **REACH** (the European Registration, Evaluation and Authorization of Chemicals)
- **IMDS** (International Material Data Collection System is the automotive industry material data system). For each new program, an IMDS declaration is mandatory in order to get the Production Part Approval Process (PPAP) for each component supplied by an external partner.
- **Conflict minerals regulations:** In order to curtail opportunities for armed groups and security forces to trade in tin, tantalum and tungsten, their ores, and gold, Faurecia implements a process to provide transparency and certainty as regards the supply practices of importers, and of smelters and refiners sourcing from conflict-affected and high-risk areas. A similar process is defined to secure the respect of human rights and in particular child labor.

Collaborating with suppliers as a key lever to reach CO₂ Neutrality

Suppliers with CO₂ goals in line with Faurecia's are key in furthering the Group's commitment towards carbon neutrality by 2030. It is a cornerstone in the supplier relationship development and structured around four pillars:

- Supplier commitment on CO₂ targets
- CO₂ impact assessment, based on a common understanding of accurate CO₂ measurement
- Share good practices and existing data on energy efficiency and CO₂ emissions
- Shared action plan in order to reduce the total CO₂ footprint

Dialogue with Suppliers

In order to maintain close ties with its suppliers, Faurecia conducts regular supplier conventions, gathering almost 100% of its direct suppliers. In addition, the Group conducts an annual survey to measure its suppliers' satisfaction in four key areas: strategy, innovation, operational excellence and business ethics. Having insights from those partners, beyond the regular interactions, helps to improve the Group's own accountability and transparency efforts. The survey generates a supplier satisfaction index, a KPI integrated in the CSR 2022 roadmap, and is followed by an improvement action plan tailored to each supplier.

During 2020, the company launched several initiatives to strengthen its relationships and intimacy with its suppliers and in particular to share knowledge, expertise and best practices so that both Faurecia and its partners become more resilient and stronger together.

Code of conduct Sourcing and Supply Chain

Faurecia's Code of conduct for suppliers is clearly stated (online at www.faurecia.com) and aligned with the Group's Convictions on sustainability. Since 2013, Faurecia has required its suppliers to comply with its sustainable purchasing policy. It reflects the Group's commitment, detailed in its Code of Conduct for Sourcing & Supply Chain.

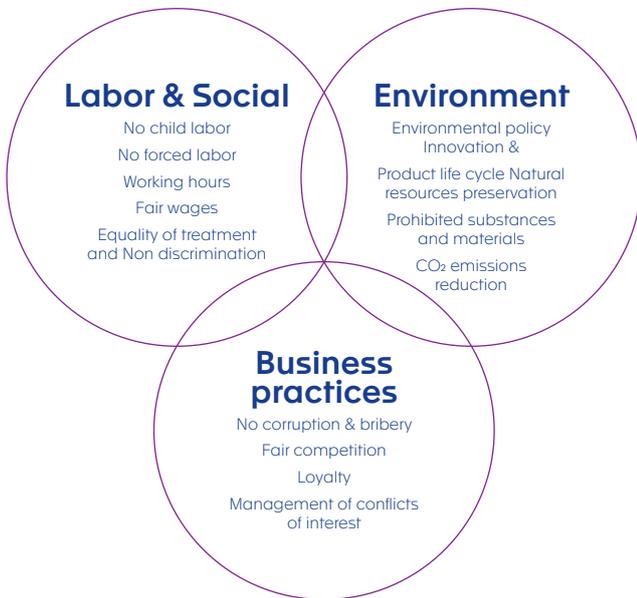
Launched in 2012, it targets the four fundamentals of the ISO 26000 international standard for procurement: protecting the environment, respecting human and labor rights, ethical business conduct, and sharing best practices across the Group's global supply chain.

In particular, it complies with

- **The Universal Declaration of Human Rights**
- **The International Labour Organization's (ILO) Declaration on fundamental principles and rights at work**
- **The Rio Declaration on Environment and Development**
- **The United Nations' Convention against Corruption**

The Faurecia responsible purchasing main principles

Faurecia Suppliers are requested to comply with the following commitments listed in the Code of Conduct Sourcing and Supply Chain.



CSR assessment of suppliers

Since 2017, Faurecia has been working with **ecovadis** to carry out an in-depth assessment of its suppliers, focusing on their ethical, social, and environmental practices. That supplier assessment is a prerequisite to joining Faurecia's panel of suppliers, to make sure the suppliers satisfy specific social and environmental criteria that are in line with Faurecia's Values. Any new business allocation is now subject to positive assessment by **ecovadis**.

Procurement risk mitigation covered by the group risk mapping

To anticipate any procurement event impacting production, and ensure customer satisfaction, the risk group cartography integrates the key supplier risk management, overseen at the group level by the Risk Committee on a quarterly basis.

In addition, Faurecia runs a constant third-party assessment process using an external data analytics tool. This screening tool alerts Faurecia if any material financial, reputational and compliance risks arise from our suppliers.



SPEAK UP

Faurecia Speak Up line* and receipt of alerts open to suppliers

The alert procedure was opened to all Group suppliers **via the website**. A systematic reminder is sent during business reviews with each supplier.

*The whistle blowing tool at Faurecia



Faurecia evaluated as a supplier for its customers, **ranks Gold**, with a score of 63/100, and is in the top 1% of the companies in its category rated by **ecovadis**

- On October 1, 2019, Faurecia hosted a special Suppliers' Day inviting over 100 suppliers to share the Group's strategies on innovation and zero emissions, Total Customer Satisfaction, and initiate new partnerships.
- At the 2020 **ecovadis** annual Sustainability Leadership Awards, Faurecia won the Outstanding Program Leadership award that recognizes the Group's sustainable purchasing strategy.

COVID-19

Sharing priorities with suppliers to ensure supply chain for safe restart

Convinced that a safe restart could only happen if the entire supply chain was ready, Faurecia held two web conferences with more than 1,000 of its suppliers. In April 2020, in the middle of the global lockdowns, the Group shared the current estimation of production levels during the first half of the year, the measures of Faurecia to support its suppliers' liquidity, and most importantly the "Safer Together" measures the Group created and put in place for the safety and protections of its employees as they were preparing the restart of the production.

2019 figures

SUPPLIER SATISFACTION



2.88 stars out of 4

(assessment of 1,000 suppliers, representing 70% of the volume of direct industrial purchases)



CSR criteria is weighted at the same level as quality & financial criteria in supplier ratings

1,948

Suppliers' CSR performance assessed in 2019



80% of tier 1 suppliers are currently assessed by **ecovadis**



100% of the sourcing is covered with a **no-go criterion** on CSR



2022 target

SUPPLIER SATISFACTION



2.95 stars out of 4

Business ethics & human rights



vision

Building and keeping a high ethical and compliance standard is a top priority for Faurecia

In today's business environment with organizations being challenged to be increasingly agile and faster, Faurecia needs more than ever to be vigilant and stay compliant with the highest ethical business standards in every Faurecia Business Group and in all countries where Faurecia operates. This is an essential part of the corporate culture and is reflected in our Convictions and Values.

Faurecia Code of Ethics embodies all of its values and rules to ensure Faurecia's sustainable growth and development. It applies to each Faurecian in their daily business life whether they are interfacing with colleagues, suppliers or customers. With more than 115,000 people working in 37 countries, everyone must maintain integrity everywhere and every day.

The Group has built an ethics and compliance program to implement an extensive system of policies, processes, training and communications.

Faurecia is committed to work and deal with its business partners in a fair and honest way. The Group must ensure fair competition practices and procurement processes. Faurecia must pro-actively prevent bribery and corruption risks.

As a member of the United Nation Global Compact since 2004, Faurecia is committed to abiding by and promoting the principles drawn from international texts and conventions relating to human rights, labor standards and the environment in its business practices.

Faurecia expects that all its business partners understand and commit to respecting the rules and principles of its Code of Ethics.

approach

Ethics & compliance culture

Faurecia's leaders have a personal engagement to integrity and are supported by robust compliance processes. The corporate culture invites our leaders to personally drive a culture of integrity everywhere the Group operates.

The Code of Ethics aims to develop accountability and employee empowerment around respect for fundamental human rights, development of economic and social dialogue, skills development, ethics and rules of conduct.

Faurecia employees help to early detect potential compliance issues.

CULTURE



No compromise with ethics & compliance, even in a more challenging market context

- Fundamentals for Total Customer Satisfaction
- Consistent with Faurecia's Convictions

Compliance governance

The implementation of the Group compliance program relies on a dedicated organization and governance. It is based on priorities that arise from a deep and transversal analysis of Faurecia's main ethics & compliance risks.

Priorities and strategic decisions are submitted and discussed within the quarterly Group compliance committee chaired by the Chief Executive Officer. The Tier-1 and Tier-2 compliance risks identified and monitored by the compliance function are presented and discussed in the Risk Committee. The annual compliance roadmap, its results and the most important compliance issues are disclosed to the Audit Committee.

Regional Compliance Officers (RCOs) facilitate and deploy the compliance program in the regions (North America-Mexico, South America, Asia, and EMEA (Europe, Middle East, Africa)) with the assistance of a local network led by Business Groups Compliance Leaders. They led periodic regional compliance committees to share the priorities, issues identified and actions plan.

Faurecia business partners are also committed to respecting high standards of ethics and compliance with a view to supporting the Group to carry out its business activities across the value chain.

Risk assessment

The Group defines and implements systems, processes and risk assessment across compliance areas to continuously improve its ethics & compliance program. For example, gifts & hospitalities, sponsorships & donations are monitored via internal control tools and processes to track trends and red flags regarding spend and type of recipients.

The Group Compliance Officer updates on a regular basis the compliance risk mapping including the risk of corruption. The assessment of risks is based on the consolidation and analysis of the feedback (interviews, survey) from the population exposed to the identified risks.

This compliance risk mapping considers various data sources to prepare remediation plans suited to the level of residual risk.

Faurecia prevents and evaluates its compliance risks by:

- Drafting a set of Compliance rules
- Training and assessing the awareness of its Compliance policies across the Group
- Sensitizing its business partners to its Code of Ethics, Values & rules
- Preventing, detecting and correcting unethical and non-compliant behaviour
- Encouraging Speak up in good faith

As part of the identification and monitoring of non-compliance risks, the Group Compliance Officer works closely with the Risk Officer and the network of Internal Control and Internal Audit.

Training and communication

In order to maintain the Group's strong culture of ethics and compliance, Faurecia implements a training program tailored to risks that targeted populations may encounter.

The training and communication program on Ethics and Compliance relies on various internal communication channels such as mandatory online trainings (MOOCs), periodic hard-copy and electronic publications, on-site trainings and communication sessions organized on a regular basis by the RCOs and the Compliance Leaders at industrial sites and within divisions of the Business Groups.

All these mechanisms help to infuse compliance and governance into every aspect of Faurecia activities and to ensure a strong culture.

SPEAK UP

Faurecia Speak Up line* to escalate ethics and compliance issues

**The whistle blowing tool at Faurecia*



Everyone



Everywhere



Everyday

DISCIPLINE

Set of rules to protect the business

- Code of Conduct to prevent corruption
- Managing conflicts of interests
- Gifts & hospitality
- Donations & sponsorship



Developing the culture of Speak Up is a key element of one of Faurecia's Convictions, "power must have a counterbalance", and aims to ensure that all employees can report a violation without fear of consequence. Faurecia has zero tolerance for non-compliance and encourages everyone, every time, everywhere to feel free to report issues without fear of retaliation. All Faurecians and external third parties with whom Faurecia collaborates, are encouraged to raise concerns or report violations of Faurecia's internal policies and processes and applicable laws via the Speak Up Line: www.faurecia.ethicspoint.com

highlights





our
goal

For people, our commitment is to offer a healthy and safe work environment, attracting and developing talents and conducting transparent and constructive social dialogue.

Faurecia's approach to sustainability with regards to people begins with workplace safety. The safety of all employees consists of implementing uncompromising workplace safety and risk prevention policies. During the current global health crisis Faurecia put the health and safety of its employees as its number one priority. The safer together program launched in January 2020 in China and then spread to the rest of the world consists of strict sanitary and safety measures implemented across all Faurecia sites and regularly audited to ensure compliance.

Faurecia offers managers and professionals the career management and development tools necessary in an industry in constant evolution. Learning and career development are a key focus area in order to support teams in preparing for change, developing skills for the workplace of tomorrow, exploring professional interests and reaching their full potential. As well as aiming to attract top talent in all businesses, the Group aims to foster a learning environment that supports talent retention.

Diversity and Inclusion are rooted in the Group's Convictions: diversity in the workforce with regards to gender, place of origin, cultural or educational background, experience or any other difference is a source of strength.

This people focus is embodied by the Group's societal engagement and the Faurecia Foundation. In support of employees' engagement in their local communities, the Group created the Faurecia Foundation in March 2020 to support projects carried out by employees to promote education, mobility and the environment.

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Health & safety



vision

Safety at work

As the first foundation of the Faurecia Excellence system, the Group is committed to provide a safe work environment to all its employees. To achieve this, it is implementing policies and active measures (prevention, assessment, training, and progress action plans) to anticipate and manage risks that could affect employees' as well as contractors' safety.

In compliance with the rules of the countries where it operates, Faurecia has developed a health and safety management system to ensure people's safety in their daily operations, monitor their

application and measure effectiveness to reduce accidents and incidents at work. In 2018, it was translated into a specific HSE program called CARE (Compliance, Attitude, Risk Mitigation, Everyone's Engagement) rolled out across the whole Group.

Full compliance with HSE standards is not negotiable for any Faurecian. This is well reflected in a set of practical simple rules including the 7 Safety Fundamentals, the 13 Highly recommended Logistic Guidelines, the 10 Environmental Attitudes and the HPR Grid Guideline.

approach

The CARE program



Based on its 7 Safety Fundamentals, Faurecia has developed the CARE program which has been rolled out throughout its almost 300 sites worldwide. The main purpose of the CARE program is to create a culture of safety based on human behaviors: taking care of one's

personal safety and taking care of the safety of others. These fundamentals have already made a considerable contribution to improvements in the workplace and continue to help the Group drive progress and keep high safety standards for all employees. As part of the CARE program, risk hunting and early prevention strengthen efforts to reduce the number of accidents.

A weekly CARE moment is published and discussed across Faurecia. The aim is to inform all operators about special subjects related to health, safety or the environment. Faurecia has also created a CARE community that conducts monthly contests. These contests relate to all parts of HSE, from health issues arising from the Covid-19 pandemic to ergonomics, safety and environmental aspects such as energy consumption. Up to 100 plants participate in these monthly contests.

Training, communication and internal audits

As part of the Faurecia Excellence System education program, all employees are continuously trained on HSE rules, and share best practices and improvement ideas across sites. The FES trainings are complemented by an active communication on the CARE program contributing to enshrine a safety culture.

In addition, yearly FES internal audits are conducted at all sites allowing to detect and prevent risks. These audits check for compliance with the 7 Safety Fundamentals and assess for risks in plants.



Ergonomics Management

Specific trainings in ergonomics have been implemented within Faurecia for the Group's operations directors and plant managers. The goal of this program is to ensure that these managers play a real leadership role in the continuous improvement process for ergonomics-related issues.



In addition, in industrial sites, measures are planned to assess ergonomic risks such as those posed by repetitive movements. To this end, Faurecia has invested in Moovency, a start-up that uses 3D skeleton tracking to help reduce the onset of musculoskeletal issues over time and improve well-being in industrial settings.

Most occupational illnesses reported by Faurecia employees in its industrial sites involve musculoskeletal disorders. To reduce this, Faurecia has taken steps for several years to consider the strain caused by workstations and to remedy the situation to the furthest extent possible. The ergonomic analysis of workstations is part of the FES tools and is systematically checked during industrial site audits. The reviews are used to prepare a list of recommendations that are systematically considered during the design of products and manufacturing tools, and implemented at manufacturing workstations. These reviews and recommendations are managed by internal professional ergonomists, the Group's HSE coordinators, and are part of the Group Program Management System.

2019 figures

2.05

Accidents per million hours worked without day lost (FR1t) in 2019 down by 13% over previous year

2022 targets

-30%

reduction of FR1t accidents

1.43

accidents per million hours worked without day lost (FR1t)

COVID-19

Safer & Stronger Together

Health and safety of employees is number one priority during the crisis

The Safer Together protocol, in place since April 2020, was designed by the Group to ensure the safety of its employees at work. It is regularly updated in line with the latest research and recommendations from local, national and international public health bodies.

This protocol has been established with a communication of essentials that include explanations as to why the requirements have been defined as they are, and best practice examples. The essentials are linked to procedures about people, buildings, machines, vehicles, fire and chemicals that together create a set of documents helping Faurecia to be prepared for any future crisis situations.

Employee development



vision

Human resources represent a key success factor for Faurecia to drive long-term value creation

The Group must be able to rely on best teams around the world to maintain a competitive advantage, anticipate the next trends, remain agile, and invest in innovation. It strives to ensure the employability of its employees throughout their working life through learning, professional mobility and on-the-job training. This is the best guarantee for ensuring that everyone can reap the benefits of technological advances and innovation as well as changing work practices.

Faurecia's core businesses are undergoing a rapid transformation with the development of digitalization and new technologies. Faurecia places access to knowledge at the heart of the achievements and success of all its employees, thanks to the training provided by the Group via its in-house University and

Technical Academy. It ensures that each manager & professional and each employee is prepared for change and ready for the world and its challenges.

Talent management is a key component of employee development. Faurecia has defined an HR strategy and best practices to attract and retain people while fostering the development of all talents. Through its Talent Management approach, Faurecia aims to foster development for employees starting from entry-level roles through exciting and challenging career paths. Professional mobility, on-the-job training as well as leadership development and expertise reinforcement all ensure qualified internal resources in line with business needs.

approach

Corporate culture and management model

The Faurecia corporate culture and management model seeks to promote three managerial values - entrepreneurship, accountability, autonomy, and three behavioral values - energy, respect, exemplarity. To bring this culture to life, Faurecia developed its management code, which is a practical guide for managers that provides a clear description of the exemplary behavior expected.

Training to support the Group's transformation

22,000 managers & professionals have access to Faurecia corporate university programs and services to support the development of managerial skills required for the Group's transformation. All employees have access to the Learning Lab, the internal digital learning platform. It covers Faurecia's fundamentals and management as well as various aspects of its business transformation. "All on Board Connect" is a dedicated learning community which was created to help all Faurecia employees have a better understanding of the major issues and to be engaged into the transformation of the Company.



Talent Management

Recruitment & Onboarding

The Group uses International Volunteer Programs as a key driver for achieving its young graduate recruitment goals. To ensure the success of newly recruited employees, Faurecia offers all new hires a personal induction program enabling them to find out more about the Group, its values, strategy, culture and organization.

Development

The Group's internal promotion policy centers on offering career opportunities to employees who succeed and demonstrate their performance and potential, while developing all managers & professionals' skills.

Retention

Offering a great career as well as strong development opportunities to managers & professionals are real retention assets. Faurecia ensures the competitiveness of its package in comparison to local markets through an annual assessment.

Employee Engagement

Faurecia has followed the engagement of its population carefully through yearly satisfaction surveys since 2019: an annual 'light' employee engagement survey has been designed to give a view of all permanent employees' engagement, providing key insight for the site engagement and motivation plans.

Social Dialogue

Fully embedded in the Group's Code of Ethics, Faurecia pursues an active policy of dialogue and negotiation with employee representative bodies.

highlights

- In 2019, 64% of managers & professionals vacancies were filled internally; this rises to 90% in the top 300 positions of the Group. Faurecia also offers its employees many international assignments as well as the opportunity to take part in international projects. To prepare the managers of tomorrow, talent identification starts early. Applicants are offered diverse career paths to realize their potential.
- 370 experts were identified in 2019 thanks to the expertise management policy. Faurecia rewards performance in technical and technological areas and offers its experts a specific career program, enhancing business-specific skills within each product line.
- Since 2019, Faurecia University has been accredited as a member of the CLIP process, a benchmark of the 25 most mature corporate universities that have gone through demanding world standards and thorough audits.
- Faurecia received its second "Top Employer Europe" certification, a label based on certification in six countries: France, Germany, Spain, UK, the Czech Republic and Poland. The Group is also certified Top Employer in the USA, Mexico, China and India.

2019 figures



2022 targets



Diversity



vision

A Business Energizer

Faurecia is convinced diversity in the workforce regarding gender, place of origin, culture, educational background, experience or any other difference is a source of strength for the Group. Thanks to Faurecia's diversity, the Group has a better understanding of customer expectations and makes better decisions. It encourages the broadest possible diversity through recruitment and career management, and by fostering workplace conditions and a flexible organization that are adapted to individual needs.

Diversity is guided daily by the Group's Values, Convictions and Code of Ethics. A set of associated actions enable the promotion of diversity in the Group, such as the appointment of a Group Diversity Development Director or a gender diversity target to promote diversity within managers & professionals, coupled with a specific program to support recruitment of high-potential female executives.

highlights

WOMEN'S EMPOWERMENT PRINCIPLES

UN Global Women's Empowerment Principles:

Since 2020, Faurecia is signatory of the UN Global Women's Empowerment Principles and commits to promoting gender equality and women's empowerment in the workplace.

- In 2019, Faurecia launched an inclusive management approach focusing on gender, based on both training for the management teams and tools for the development of future talents. From January 2020 the Group is deploying a training program for senior managers on unconscious bias and puts an increased emphasis on women's career development.
- From 2019, in order to involve the 300 senior executives in the rollout of its diversity strategy, 10% of their long-term variable compensation now includes a performance condition linked to the achievement of the gender diversity targets set by the Group.
- Since 2019, it has been mandatory to shortlist at least one female candidate in the recruitment process. A review of women's careers and a statistical analysis of pay equality are planned every year.

2019 figures

24.4%

of women managers and professionals in 2019

14.8%

of women among the top 300 in 2019

34%

of non-Europeans among the top 300 in 2019



2022 targets

27%

of women managers and professionals in 2022

21%

of women among the top 300 in 2022

39%

of non-European among the top 300 in 2022



Corporate citizenship



vision

Growing Faurecia's positive impact on its communities

The Group contributes to economic development and the creation of social value by hiring locally, providing career training and advancement for employees, and through a commitment to ethics and social responsibility. Above and beyond its legal obligations, Faurecia has a responsibility to maintain a frank and ongoing dialogue with the communities that surround its sites to ensure that its operations are harmoniously integrated into each region. The Group aims to strengthen its commitment to local communities by initiating or contributing to projects and programs that address local needs and by offering its expertise and resources in support of such efforts.

The Group's societal engagement approach is based on **local economic development, local societal actions** and **The Faurecia Foundation**.



In 2020, the Group officially launched the Faurecia Foundation, supporting three projects and making donations. With its corporate Foundation, Faurecia is putting significant resources into supporting projects internationally in the countries in which the Group has a presence focusing on three pillars: mobility, environment, and education.

Through the Foundation, employees are invited to submit their ideas once a year for projects that have a concrete social impact, enabling employees to develop and deploy larger projects.

COVID-19 Faurecia solidarity in action during the pandemic

In some circumstances, the Foundation supports humanitarian initiatives in response to certain disasters and/or crisis situations such as the Covid-19 pandemic:

- Donation of masks and gowns to hospitals in Wuhan (China)
- Donation of 100,000 masks to a hospital in Colmar (France)
- Donation from the Faurecia Foundation to two French charitable initiatives:
 - Tous unis contre le virus, "All united against the virus" (support for health personnel)
 - #Gardonslelien, "#Keepintouch" (supporting contact between families and patients)
- Donation of 70% of the Group's internal visor production to "Visors of Hope"

highlights



- Several solidarity and community-focused initiatives were led by employees in 2019, such as the **FUELS program** ("Faurecia Unites its Employees around Local Solidarity Actions"), including fund-raising for local vulnerable populations in Brazil; road safety awareness days in Mexico; lifesaving actions in Poland and recycling and environmental protection in China.



CHAPTER

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Company Governance



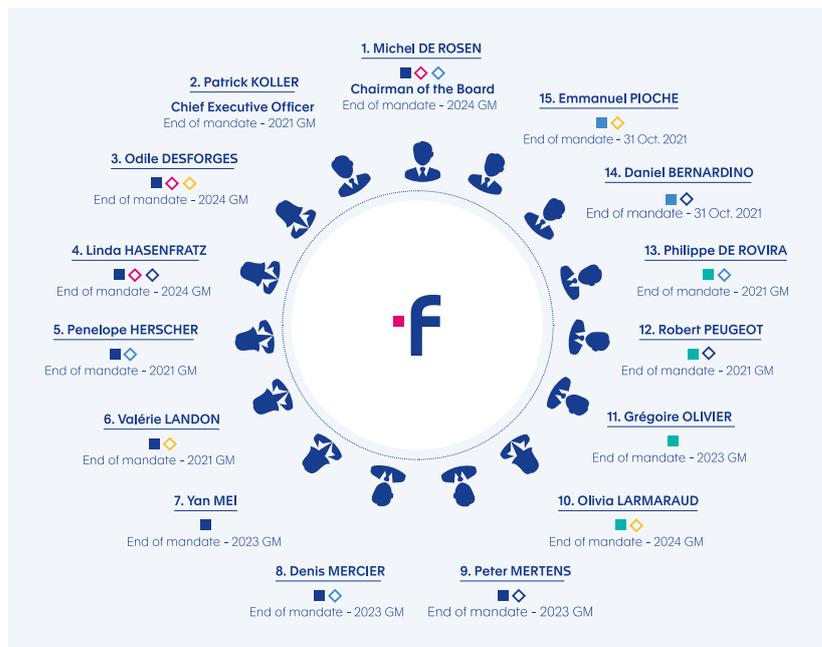
Faurecia's governance structure is supported by two complementary bodies: the Board of Directors and the Executive Committee.

The Board of Directors

The Board of Directors oversees Faurecia's business, financial and economic strategies. This 15-member body, including eight independent Board members and two Board members representing employees, meets at least four times a year.

Three permanent Committees are tasked with the preparation of discussions on specific topics: the Audit Committee, the Governance and Nominations Committee and the Compensation Committee. They make proposals and recommendations and give advice in their fields of expertise.

- Board members affiliated with the shareholder PSA
- Independent
- Board members representing employees
- ◇ Compensation Committee
- ◇ Governance and Nominations Committee
- ◇ Audit Committee
- ◇ Chairwoman / Chairman of the Committee



* Excluding board members representing employees
 ** Number of meetings until end of 2020

Board compensation

The Board of Directors, further to a proposal from the Compensation Committee, sets the compensation for executive and non-executive corporate officers in accordance with the applicable legal provisions and the compensation policy.

- Compensation of the Chairman of the Board of Directors
 - Fixed annual compensation
 - Benefits in kind
- Compensation of Board members

Since the General Meeting of May 29, 2018 (eleventh resolution), the maximum amount of compensation that may be paid to Board members is €900,000. A predominant variable portion of the compensation is based on their effective attendance at meetings of the Board and, where applicable, of the committee or committees of which they are members. The members of the Board of Directors holding executive or management positions within PSA do not receive any compensation in respect of their corporate office as a Board member. This is also the case for the Chairman of the Board of Directors and the Chief Executive Officer of Faurecia.

The Executive Committee

Faurecia’s executive functions are performed by an Executive Committee that meets at least monthly to review the Group’s results and oversees the Group’s operations and deployment of its strategy. It discusses and prepares guidelines on important operational subjects, and its decisions are then deployed throughout the Group. Under the responsibility of the Chief Executive Officer, the Faurecia Executive Committee is comprised of the CEO and the 13 Executive Vice-Presidents of the Group’s international Business Groups and support functions.

Compensation of the Chief Executive Officer & the Group's Operational Management

	Fixed compensation	Short-term variable compensation	Long-term variable compensation
CEO	Results / performance & transformation of the Group	80% Financial objectives (for 2020) From 0 to 160 % of Target Bonus Operating income (40%) Net cash flow (60%)	Performance shares Fulfillment of an external performance condition EPS (30%) Fulfillment of two internal performance conditions Net income (60%) + Gender diversity (10%)
Executive Committee Members		20% Qualitative objectives (for 2020) From 0 to 30% of Target Bonus PSA Spin-off (40%) Strategy execution (60%)	
		80% Financial objectives From 0 to 160 % of Target Bonus Operating income & cash generation at Group level (and at Business Group level for the BGs EVP)	
		20% Qualitative objectives From 0 to 30% of Target Bonus Individual objectives	
		Short-term →	→ Long-term

o Compensation of the Group Leadership Committee (the Top 300 Managers)

The members of Faurecia’s Group Leadership Committee are committed in short-term results, through the Faurecia Variable Compensation (“FVC”) scheme, fully focused on short term objectives. Depending on the position, this scheme is composed of a financial part, representing 80% or 100% at target and an individual part if any, representing 20% at target. The FVC policy may be adapted depending on the company objectives and priorities. All Group Leadership Committee members are eligible to performance shares.

CSR criteria integrated in compensation

A CSR target is integrated into the strategy execution part of the variable compensation paid to the Chief Executive Officer. Starting with the creation of the six Convictions in 2018, the short-term variable compensation paid to the Group’s Chief Executive Officer has included a qualitative target linked to the deployment of these Convictions and the deployment of the CSR roadmap.

From 2019, in order to involve the senior executives in the rollout of the initial CSR goals, 10% of their long-term variable compensation now includes a performance condition linked to the achievement of the gender diversity targets set by the Group.

CSR Governance



Faurecia's CSR strategy has three key focuses: Planet – Business – People. Each one of these focuses is built on the Group's six Convictions and sets quantifiable progress targets for an initial period from 2019 to 2022. Simultaneously ambitious and achievable, these goals for 2022 were drawn up with the Executive Committee. Each of these goals has then been integrated into internal action plans to enable the relevant teams to steer their projects, and to measure the results achieved with regards to the expectations and commitments made by the Group to its stakeholders.

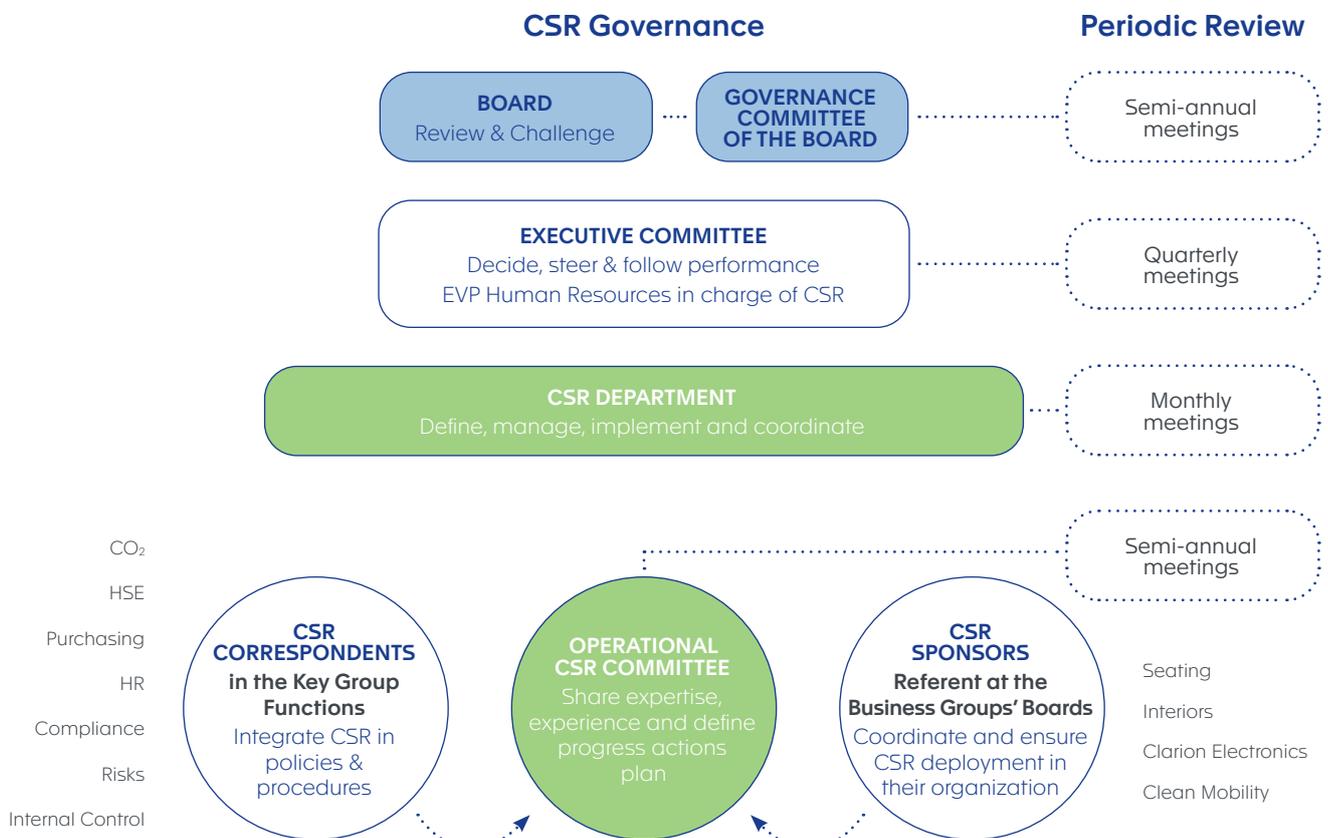


Isabelle Cornu

Group Sustainability Director & General Delegate of the Faurecia Foundation

Driving the Group's CSR approach through a robust roadmap and organization

Given the importance and scope of the CSR approach that come into play for many of the Group's strategic decisions, the CSR actions are integrated into the review of the quarterly Group Risk Committee in addition to an ad hoc CSR Operational Committee dedicated to social and environmental responsibility. The 2019-2022 roadmap for CSR is reviewed quarterly by the Executive Committee and presented to the Governance Committee of the Board and the Board of Directors bi-annually.

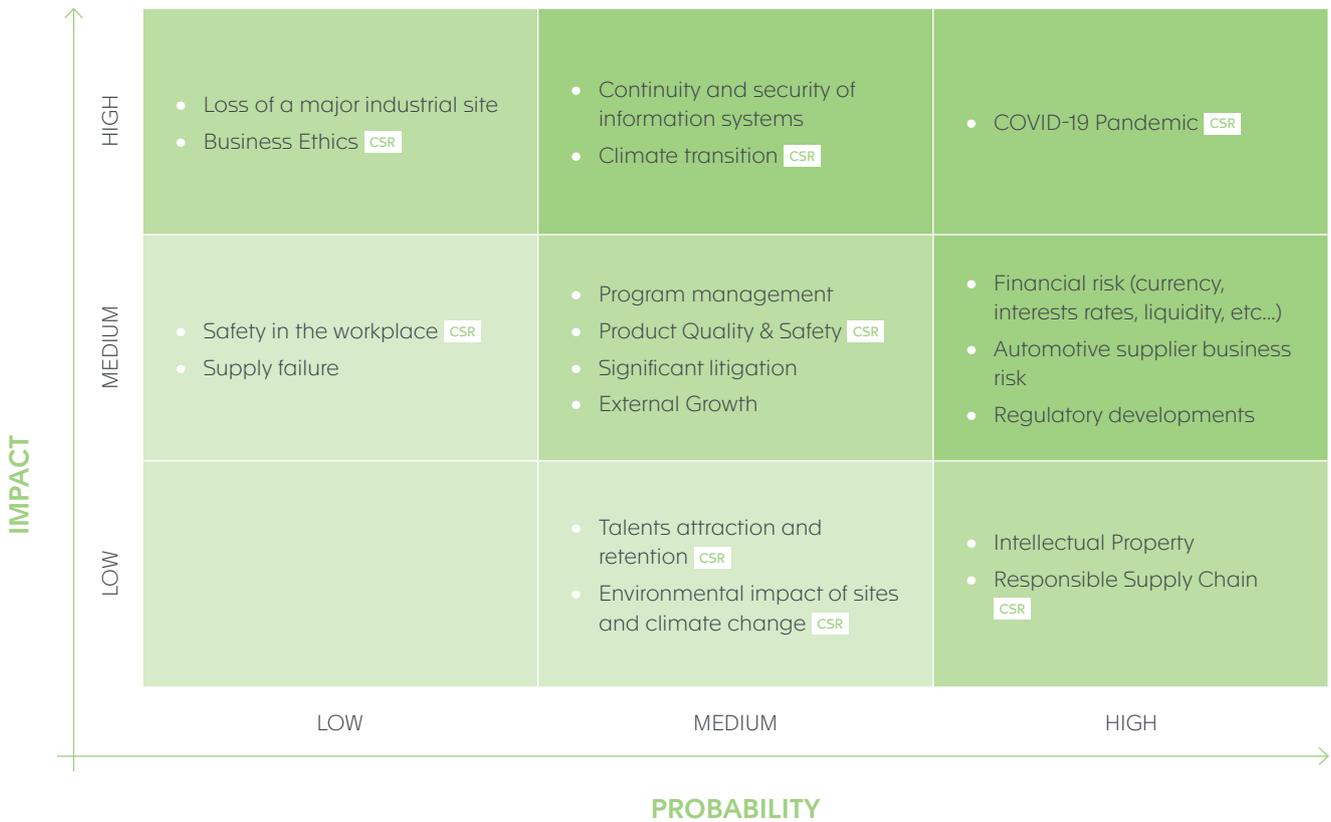


Materiality analysis

Faurecia's extra-financial risks are listed based on a materiality analysis carried out in 2018 by an in-house working group with members from the risk, legal, operations, purchasing, human resources, and CSR departments. The analysis of the Group's extra-financial challenges was made in comparison with a risk universe for peers within the automotive sector, and on the basis of the recommendations made by the Sustainability Accounting Standards Board (SASB) and the Plateforme de l'Automobile (Automotive Industry Platform or PFA).

Extra-financial risk mitigation covered by the Group risk mapping

Since 2018, the Group's risk mapping has included extra-financial risks. The preliminary list of risks drawn up based on a methodology linked to frequency of occurrence and degree of seriousness was then discussed over the course of some twenty interviews with external stakeholders for each risk identified. A final list of risks and opportunities was validated by the Executive Committee in 2018. It was completed by the CSR roadmap monitoring indicators validated by the Executive Committee in 2019 and updated in 2020.



CSR Ecosystem



Commitments to international organizations' principles

Faurecia is committed to maintaining dialogue with its stakeholders and promotes this commitment worldwide. In line with its Convictions, Faurecia adheres to international initiatives for sustainable development.



SDGs - Faurecia strongly supports the United Nations Sustainable Development Goals (SDGs) by integrating them into its materiality analysis as the one and official agenda of the "Planet" pillar. In 2019, Faurecia has identified the main SDGs it is contributing to through its CSR actions and its operations.



Global Compact - Since 2004, Faurecia has been a signatory of the United Nations Global Compact and supports the 10 principles with respect to human rights, labor, environment and anti-corruption.



SBTi ⊕ - Faurecia's emissions reduction targets have been approved by the Science Based Targets initiative.



TCFD - Since 2019 Faurecia has applied the recommendations of the Task Force on Climate-related Financial Disclosure.



UN Global Women's Empowerment Principles ⊕ - since 2020, Faurecia is signatory of this set of Principles and commits to promoting gender equality and women's empowerment in the workplace.

Engagement with our ecosystem

French Business Climate Pledge ⊕ - In 2017, Faurecia was among the major French companies to sign the French Business Climate Pledge to take concrete action to combat climate change.

French manifesto on ecological transition ⊕ Faurecia is a signatory of the French Business Forum to "put the environment at the heart of the economic recovery following the Covid-19 crisis".

Transport coalition for the energy of the future ⊕

Faurecia is a member of this international coalition for the energy transition that includes major players in transport and logistics to work on the development of clean energies for carbon-free transport.



Schneider Electric partnership ⊕ - Faurecia is partnering with Schneider Electric to decarbonize the Group's operations and develop energy solutions tailored to the Group's 300 sites worldwide.



Hydrogen Council - Faurecia is part of the Executive Group of the Hydrogen Council. The Hydrogen Council is a global initiative of leading energy, transport and industry companies with a united vision and long-term ambition for hydrogen to foster the energy transition.



Board member of the Movin'On LAB - Created by Michelin, Movin'On LAB is an innovative and collaborative 'Think and Do Tank' aimed at promoting better life through Sustainable Mobility.



Partnership for a more sustainable value chain. Since 2017, Faurecia has been working with EcoVadis. to carry out an in-depth assessment of its suppliers, focusing on their ethical, social, and environmental practice. Today 80% of its direct suppliers are evaluated by EcoVadis.

Transparency in reporting



Global Reporting Initiative (GRI) ⊕ - Faurecia prepares its Extra-Financial Performance Declaration and reporting in accordance with the GRI standards.



Sustainability Accounting Standards Board (SASB) ⊕ - The analysis of the Group's extra-financial challenges was made in comparison with a risk universe for peers within the automotive sector, and based on the recommendations made by the SASB.



International Integrated Reporting Council (IIRC) ⊕ - Faurecia is aligned with the framework of Integrated Reporting, as described in the "International Framework" published by the IIRC.

Extra Financial Performance Declaration (EFPD) audited by an external party - in 2020 Mazars was designated as an independent third party for the verification of the conformity and sincerity of information of the Group's 2019 EFPD.

[TO KNOW MORE](#)
2019 Universal Registration Document ⊕

Process quality certifications



ISO 14001 ⊕ - the Group's analysis and control of local environmental risks is based on ISO 14001 standards. As part of the implementation of Faurecia's environmental policy, the Business Groups have committed to an ISO 14001 certification approach for all production plants with over 2 years' activity. Through this certification, Faurecia commits to responding to its customers' requirements and thereby to demonstrating its environmental performance. In 2019, 77% of the Group's production plants were ISO 14001-certified.

ISO 9001 & IATF 16949 - Automotive sector framework to certify the quality management system in place. In 2019, 100% of Faurecia's sites were certified.

Responsible Employer certifications



Top Employer ⊕ - "Top Employer" certification in 10 countries.



Happy Index Trainees - Faurecia is "Happy Index Trainees" certified - A certification valorizing companies taking good care of the reception, support and management of their trainees, work-study trainees and V.I.E

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