



# **FAURECIA BOARD OF DIRECTORS**

## **INTERNAL RULES**

**Modified by the Board of Directors of 19 February 2021**

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## **Foreword**

These internal rules of the Board of Directors of Faurecia (hereinafter referred to as the "Company") define the organizing and the functioning rules of the Board of Directors of the Company. It was set up by the Board of Directors during its meeting dated 17 April 2003, and then has been regularly modified since this date<sup>1</sup>.

It is specified that the Afep-Medef Corporate Governance Code for listed companies (hereinafter referred to as the "Afep-Medef Code") is the code to which the Company has chosen to refer to.

Of strictly internal scope to the Company, these internal rules shall in no way replace the legislative and regulatory provisions governing companies or the Company's bylaws.

They may be modified at any time by decision of the Board of Directors.

All Board members are required to comply with these internal rules.

## **Composition of the Board of Directors**

The Board of Directors is comprised of a minimum of three members and a maximum of fifteen, excluding the Board members appointed in application of article L 225-27-1 of the Code of commerce.

At least one third of its members shall be independent Board members. The Board of Directors may however hold a valid meeting if this proportion is not complied with due to vacancies or for some other reason.

In accordance with the Afep-Medef Code, a Board member is independent when he or she has no relationship of any kind with the Company, its group or management which may compromise his or her freedom of judgment.

Independence is assessed against the following criteria:

- not being an employee or executive corporate officer of the Company; not being an employee, executive corporate officer or Board member of a company it consolidates, not being an employee, executive corporate officer or Board member of the Company's parent company or of a company consolidated within the parent company and, in each of the cases in question, not having been for the previous five years;
- not being an executive corporate officer of a company in which the Company holds directly or indirectly a directorship or in which an employee designated as such or an executive corporate officer of the Company (currently or having been for less than five years) holds an office of Board member;
- not being a customer, supplier, commercial banker, investment banker or consultant<sup>2</sup> (i) that is significant to the Company or its group; (ii) or for which the company or its group represents a significant portion of its activities;

This criteria shall be assessed by taking into account a multi-criteria approach including a qualitative analysis, which shall be described in more details if appropriate, in the Company universal registration document.

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<sup>1</sup> The last modification was decided by the Board of Directors dated 19 February 2021.

<sup>2</sup> Or being linked directly or indirectly to these persons

- not having any close family ties with an executive officer;
- not having been a statutory auditor of the Company for the previous five years;
- not having been one of the Company's Board members for more than twelve years.

The Chair of the Board may be considered independent if the Company justifies it in relation to all the criteria stipulated above. He/she may never be considered independent if he/she receives variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or the group Faurecia (hereinafter referred to as the "Group").

Board members representing major shareholders of the Company or of its parent company may be considered independent, provided these shareholders do not take part in the control of the Company. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report of the Governance, Nominations and Sustainability Committee, should systematically review the qualification of a Board member as independent in the light of the make-up of the Company's capital and the existence of a potential conflict of interest.

The Board, on a report of the Governance, Nominations and Sustainability Committee, shall systematically investigate the independence of each of its members, including its Chair at least once a year and upon the appointment of each new member. A summary of the findings shall be provided to the shareholders in the universal registration document.

Furthermore, the Board takes the necessary measures, in compliance with the Afep-Medef Code and applicable regulations, in order to apply a policy of which purpose is to diversify its composition especially in terms of nationality or international experience, skills and gender balance.

### **Board of Directors' Tasks**

In accordance with legislative provisions and bylaws in force, the Board of Directors is a collegiate body that sets guidelines for Company's activity and ensures their implementation, pursuant to its corporate interest, taking into account the social and environmental issues within its activity. Subject to the powers expressly granted to shareholders' meetings and within the limits of corporate purpose, it shall consider all matters concerning the smooth running of the Company and, through its deliberations, settle the matters concerning it. It shall be consulted on all the strategic decisions of the Company and its Group, at the initiative of his Chair.

The Board of Directors carries out the following tasks in particular:

- Defining strategic direction:
  - defining and overseeing the implementation of decisions relating to the Company's major strategic, economic, social, financial, technological or environmental directions.

The medium-term directions of the Group's activities shall be defined by a strategic plan the draft of which shall be prepared and presented by the CEO and then adopted by the Board of Directors.

In addition, as a provision of internal operation, the CEO shall obtain the Board of Director's authorisation to carry out any acquisition, disposal or creation of a joint company whose total asset value is more than 100 million euros and/or whose turnover is more than 300 million euros. Similarly, any significant operation that does not appear in the Company's strategic plan must obtain the Board of Director's prior approval.

- Governance and Management:
    - reviewing the Governance structure: determining the Company's executive management terms of exercise; creating Committees of the Board of Directors, appointing their members, setting their missions and operating procedures;
    - co-opting and proposing appointment or renewal of the Board members, appointment or renewal of the Chair of the Board;
    - Implementation and regular follow up of the succession plan of the company officers ;
    - Chair of the Board and Board members' compensation;
    - Governance assessment: Board of Directors and Committees' works; examination of the Board members' independence;
    - appointment or renewal of the CEO and Deputy CEOs, and setting their compensation;
    - setting up plans for allocating options for subscribing or purchasing shares, performance shares, of any other form of long term incentive and approval of the list of the beneficiaries;
    - authorising agreements and undertakings said to be "regulated" in the legal sense;
    - prior notice before acceptance, by an executive officer, of a new directorship in a listed company;
    - authorizing guarantees and endorsements, allocation of an annual envelope of guarantees to be issued by the CEO and setting the conditions thereof,
    - follow up of the implementation of a non-discrimination and diversity policy within the governing bodies of the Company in compliance with the Afep-Medef Code and applicable regulations.
  
  - Accounts and relationships with the statutory auditors:
    - approval of the annual and half-yearly corporate and consolidated financial statements and drafting the Company's and Group's management reports;
    - verification of the relevance and continuity and the good application of the accounting methods adopted for setting financial statements;
    - monitoring the preparation process of financial information;
    - organising the selection procedure of the statutory auditors that will be proposed to the Shareholders' meeting and verifying compliance with the rules ensuring their independence, especially in respect to the amount of their fees.
  
  - Internal control and risk management:
    - monitoring the effectiveness of internal control systems and risk management and regular review of the opportunities and risks (financial, legal, operational, social and environmental);
    - ensuring the implementation of a mechanism to prevent and detect corruption and influence peddling.
- In this respect, risk monitoring and control are reviewed annually at least on presentation of the Audit Committee.
- Budget and predictive management:
    - approval of the annual budget;
    - regular review of the Group activity and of the budget execution;
    - approval of the predictive management documents and corresponding reports;

- Financial situation, financing and issuing of securities:
  - quarterly review of financial situation, treasury situation as well as Group's undertakings not included in the balance sheet;
  - decision to issue bonds and complex securities that do not involve increasing the share capital;
  - modifying the capital pursuant to the authorisation of the Extraordinary General Shareholders' Meeting.
  
- General Shareholders' Meeting:
  - convening the General Shareholders' Meeting, setting the agenda and approving the draft resolutions;
  - providing answers to written questions, with possibility of delegation to a Board member or to the CEO or to a deputy CEO for providing answers to the questions.

### **The Chair of the Board and the Chair's Role**

The Board of Directors elects the Chair of the Board from its members and sets the Chair's compensation. It can terminate this appointment at any time.

The Chair organises, directs the Board's work, and ensures that the Board and the Board Committees function efficiently, in accordance with the principles of good governance.

The Chair shall:

- promote the highest standards of integrity, probity and governance within the Group, in particular at Board level, in this way ensuring its effectiveness;
  
- manage relationships between the Board members/Chairs of the Board Committees, and in this respect:
  - promote effective relationships and open communication, and create an environment that enables discussion and constructive exchange during and outside of any session between the Board members and the CEO;
  - ensure the leadership and governance of the Board to create, both for the Board and for each Board member, comprehensive conditions of effectiveness, and to ensure that all key relevant issues are well prepared and discussed by the Board of Directors and the various Committees in a timely manner;
  - set, in consultation with the CEO and the Secretary of the Board, the schedule of Board meetings and agendas in order to fully take into consideration the major issues for the Group and those that may be raised by the Board members, and ensure that adequate time is given to an in-depth discussion of significant and strategic matters;
  - handle conflicts of interest;
  - conduct, alongside the Governance and Nominations Committee, the Board's assessment procedure, the search for new Board members and their induction programme.
  
- organise, with the CEO and the Chair of the various Committees, preparation of the Shareholders' General Meetings and ensure their chairing, supervise the relations with the shareholders and ensure an efficient communication with these latest;

- handle the relationship with the CEO:
  - act as a competent advisor to the CEO for any issue involving the Company's interests and management;
  - ensure that the strategies and policies adopted by the Board are implemented effectively by the CEO; the Chair shall be, without prejudice to the prerogatives of the Board of Directors and its Committees, regularly informed by the CEO of any significant event relating to the Company's strategy in the context of the direction taken by the Board of Directors, as well as of major projects for external growth, major financial operations, social initiatives or even the appointment of the managers of the Business Groups of the Company and key functions' managers. The Chair shall receive from the CEO any useful information for leading the work of the Board of Directors and its Committees.
  
- coordinate or carry out specific tasks. In particular, at the CEO's request, the Chair may represent the Company to stakeholders, public authorities, financial institutions, major shareholders, and/or main business partners.

### **Executive Management Role**

The Board of Directors appoints the CEO, and, if necessary, on proposal by the CEO, one or more Deputy CEOs.

The CEO represents the Company in its dealings with third parties and has the broadest powers to act in all circumstances on behalf of the Company consistent with its corporate purpose, the powers reserved for the Board of Directors and Shareholders' Meetings, and limitations provided for by these internal rules.

In agreement with the CEO, the Board of Directors determines the scope and duration of powers granted to the Deputy CEOs.

The Deputy CEOs have, with regard to third parties, the same powers as the CEO.

### **Role of the Secretary of the Board**

The Chair of the Board of Directors shall appoint a Secretary who has the task of material organisation of the Board's meetings as well as taking part in them and preparing the minutes of the meetings that shall be submitted for approval to the next Board.

### **Organisation of the work of the Board of Directors**

The Board of Directors shall meet at least four times a year, as provided for in the bylaws and in these internal rules, to discuss questions put on the agenda by the Chair. The Chair convenes the Board meetings and conveys the agenda.

The CEO attends to the Board of Directors' meetings.

As an exception, the Board of Directors shall meet at least once a year without the attendance of the CEO to evaluate his performance and statute on any question related to the governance.

Each meeting of the Board of Directors must be long enough to discuss the agenda usefully and thoroughly.

The Chair, assisted by the Secretary of the Board, is responsible for transmitting to the Board members, within a reasonable timeframe, the information and documents required for the Board's meetings.

Outside the sessions of the Board, the Board members shall receive useful information from the Chair at any time about the life of the Company and the Group, if the importance or urgency of the information requires it. They are recipients of press releases issued by the Company.

Any information or additional document submitted to a Board member upon request shall be communicated systematically to the other Board members.

When privacy or deadlines require, such information and documents can be communicated during the meeting.

The Board members may, in accordance with the Law, be represented to the Board of Directors meetings, by another Board member they appoint to this effect.

Subject to applicable laws and regulations, the meetings of the Board may take place by videoconference or telecommunications especially to enable Board members who cannot physically attend a meeting of the Board to effectively participate in the said Board of Directors meeting.

In the situation addressed above:

- Are considered present for the quorum and the majority the Board members participating in the meeting via videoconference or telecommunications.

The Board can thus hold a valid meeting if at least half of its members is physically present or present via videoconference or telecommunications.

- The videoconference or telecommunication system used must meet technical specifications guaranteeing the effective participation of everyone in the Board of Directors meeting. The deliberations must be continuously and simultaneously broadcast. Necessary steps must be taken to enable the identification of each participant and the quorum; the attendance register at Board meetings shall mention, where appropriate, Board members' participation by videoconferencing or other means of telecommunication;
- the minutes of the Board meeting shall state the name of the Board members participating in the meeting via video-conference or telecommunications. They should also indicate the possible occurrence of any technical incident relating to a videoconference or telecommunications when this incident disrupts the course of the meeting, including the interruption and recovery of remote participation;
- in the event the Chair notes a malfunction in the videoconference or telecommunications system, the Board of Directors may hold a valid meeting and/or continue with only the members that are physically present, provided that the quorum conditions are met;
- the above-mentioned provisions are not applicable for adopting decisions pursuant to articles L. 232-1 and L. 233-16 of the French Commercial Code, respectively relating to the preparation of the annual corporate financial statements and management report and the Group's consolidated financial statements and management report.

### **Board of Directors' Committees**

In order to optimise its deliberations, the Board of Directors may set up Committees, in accordance with article R.225-29 of the French commercial code.



The following Committees are set up:

- A Governance, Nominations and Sustainability Committee with the role of dealing with issues relating to the composition and operation of the Board of Directors and its Committees. More generally, the Committee assesses the Company's governance structure and, in this context, the exercise conditions of the Company's management and, where appropriate, makes recommendations in this regard. It also makes any necessary opinion in relation to the Board Committees. Moreover, the Committee handles the selection and succession process for the Chair of the Board, the members of the general management and the Board members. It conducts the governance's assessment process (assessment of Board and Committees' work, examination of Board members' independence) and it annually reviews the selection and succession plans of the members of the Executive Committee. The Committee is also in charge of assessing the policy followed by the Company in ethics and compliance as regards good governance practice and reviewing social and environmental responsibility matters;
- A Compensation Committee with the role of dealing with issues relating to the compensation of the Chair of the Board, members of the general management and Board members. More generally, the Committee deals with issues associated with long term incentive plans policy. It is also informed of the performance and the compensation of the Executive Committee and also reviews the evolution of the compensation policy applicable to the Group main managers (Executive Committee, Group Leadership Committee);
- An Audit Committee with the primary role of reviewing the approval process for the annual and half-yearly corporate and consolidated financial statements as well as the process of preparing financial information. It ensures the relations with the statutory auditors of which it handles the selection process and of which it checks the independence; it also follows the internal control and risks management processes. It reviews the Group's budget, follows its execution and reviews the provisional management documents. It also reviews the financing situation of the Group and the projects for issuing of securities;

These Committees have a purely internal role of preparing specific deliberations of the Board. They issue proposals, recommendations and advice in their area of expertise.

The Committees must provide internal rules validated by the Board of Directors, which set their composition, appointment, and operating rules as well as their detailed responsibilities.

The composition of Committees is intended to have a broad representation of independent Board members and consideration of expertise adapted to carrying out the Committee tasks in which the Board member takes part.

These Committees shall be accountable to the Board of Directors for their work after each meeting and shall conduct an annual review of their activity.

### **Assessment of the Board of Directors**

Once a year the Board of Directors devotes an item on its agenda to assessing its work:

- it provides an update on its operation, composition and organisation, as well as that of its Committees;
- it checks that major issues are properly prepared and discussed and measures each member's contribution to the Board's work with regard to their expertise and involvement in discussions.

The Board shall conduct a formal detailed assessment at least every three years. This assessment can be implemented with the assistance of an outside consultant.

The Board of Directors shall inform shareholders each year in the universal registration document of these assessments and, where appropriate, of the outcome.

### **Board members' Compensation**

Board members' compensation shall take into account their actual participation in Board meetings and their participation in Committees.

Board members shall receive fixed compensation due to their function.

Added to this fixed compensation is a variable compensation, calculated in proportion to their participation in Board meetings.

Lastly, Committee members and their Chairs shall receive supplementary compensation.

On documentary evidence, the Board members shall be paid expenses incurred to attend the Company's Board meetings.

### **Specific Duties of Board members**

By collegiate adoption of these internal rules, each Board member shall confirm his/her commitment to comply with the following obligations:

- Meet legal and regulatory obligations, Company bylaws and these internal rules;
- Act in all circumstances in the corporate interest;
- Hold during the whole duration of their mandate 500 shares of the Company, this number including the 20 shares of which holding is provided for in the Company's bylaws. It is however agreed that Board members who do not receive compensation from the Company for his/her duties, shall only hold the 20 shares provided for in the by-laws and that Board members representing the employees have no obligation to hold a minimum number of shares.

Beyond the above-mentioned requirement to hold shares as Board member, the Chairman of the Board must hold a number of shares corresponding to one-year compensation (including the 500 shares owned as Board member) and be in compliance with this obligation within two years from his appointment as Chairman;

- Notify the Board of any situation of potential conflict of interest and abstain from voting on the corresponding deliberation and not attend the Board meetings during the period of conflict of interest or even resign from the office of director. Failure to comply with these rules of abstention or withdrawal could result in the Board member being held liable. In the event of conflict of interest, the Board member shall not receive documentation supporting the Board session(s) in question;
- Uphold existing legislation on holding multiple directorships and regulated agreements;
- Participate as far as possible in all Board meetings, or, if appropriate, in the Committees to which they belong;
- Register any securities issued by the Company that they hold or that belong to their minor children

as well as their derivatives, in compliance with article L.225-109 of the French Code of commerce;

- Ask for helpful information deemed necessary for the exercise of their assignment and to enable them to be fully apprised of the issues discussed by the Board of Directors;
- Request, if deemed necessary, additional training on Group' specifics, its business and industry sector and its stakes in the area of social and environmental responsibility;
- Devote the necessary time and attention to their duties;
- In view of non-public information acquired in the framework of their duties:
  - be subject to a strict duty of confidentiality that goes beyond the mere duty of discretion provided for by law;
  - consider that this information is strictly personal and may not be shared with a third party outside the Board of Directors;
- Comply with the applicable legal and regulatory provisions relating to the declaration of transactions and the requirement to abstain from dealing in the securities of the Company as well as with the Code of good conduct with respect to the management of inside information and to securities transactions.

**AUDIT COMMITTEE  
INTERNAL RULES**

**Modified by the Board of Directors of 19 December 2018**

The Board of Directors of Faurecia (hereafter the "Company") of 28 November 2002 decided to set up an Audit Committee (initially named "Accounts Committee") in accordance with article R.225-29 of the French Commercial Code.

Its duties are mainly to prepare the close of the corporate and consolidated annual and half yearly financial statements, to ensure the quality and reliability of the financial and extra-financial information (related to the performance declaration as contained in the management report) provided to the Board of Directors and to monitor the effectiveness of internal control and risk management systems

These Internal Rules (i) were adopted by the Board of Directors of the Company during its meeting of 6 February 2003 and (ii) were updated by the Board of Directors during its following meetings:

- 9 February 2009 (especially to match Articles L.823-16 and L.823-19 of the French Commercial Code);
- 9 December 2014 to meet more closely the recommendations of the Afep - Medef Corporate Governance Code of listed corporations (the "Afep - Medef Code");
- 25 July 2016 and 21 December 2016 (in order to take into account the provisions of European Regulation n° 537-2014 of 16 April 2014 and of French Order n°2016-315 of 17 March 2016 relating to Statutory Auditors),
- 19 December 2018.

The purpose of these Internal Rules is to specify the Committee's composition, responsibilities and operating rules.

These Internal Rules are strictly for the Company's internal use; under no circumstances are they to be considered a substitute for legislative and regulatory provisions applicable to companies, nor for the Company's bylaws.

## **1. COMPOSITION OF THE COMMITTEE**

The composition of the Committee is decided by the Board of Directors and can be modified at any time on decision by the latter.

The Committee is made up of a minimum of three (3) members and of a maximum of five (5) members.

Committee members are chosen among the Directors. They may not be represented at the Committee meetings.

The duration of their mandate is identical to the duration of their mandate as Directors. The mandate as a member of the Committee can be renewed at the same time as the mandate as a Director.

The Board of Directors appoints a Chairman among its members for a duration equal to his / her mandate.

The Committee Secretary is appointed by the Chairman of the Committee.

The Committee can only be made up of members of the Board of Directors of the Company but should not include any executive member (especially, if they are also Directors, the CEO and deputy CEO(s)).

The Committee shall not include cross-directorships (as defined in Article 14.1 of the Afep-Medef Corporate Governance Code).

The proportion of independent directors on the Audit Committee should be at least equal to two-thirds, the independence being assessed in accordance with the criteria contained in the Internal Rules of the Board of Directors and in the Afep - Medef Code.

The Audit Committee members should be competent in finance, accounting or in the field of legal control of financial statements.

Competence thus required is appraised in respect of professional experience, academic training and/or knowledge of the activity of the Company.

On invitation by the Chairman of the Committee, the CFO, some members of the general management (financial controlling, internal audit, internal control, treasury...) or members of the Executive Committee attend the meetings of the Committees.

On invitation by the Chairman of the Committee, the Statutory Auditors attend Committee meetings when a given point on the agenda requires their presence.

The Committee can also call on outside experts if necessary, ensuring their skill and their independence.

## **2. COMMITTEE RESPONSIBILITIES**

The role of the Committee is to review and prepare some Board decisions. It issues proposals, opinions and recommendations in its area of expertise. It only has an advisory power and acts under the authority of the Board of Directors to which it reports when necessary. The Committee does not act in the place of the Board.

As a general rule, the Committee review any financial or accounting issues submitted to it by the Chairman of the Board.

The main tasks of the Committee are the following :

### **2.1 Review of the accounts**

The Committee should review the corporate and consolidated financial statements, both annual and half-yearly, of the Faurecia group in order to report to the Board of Directors on the results of the mission for certification of the financial statements, the manner in which this mission has contributed to the integrity of the financial and extra financial information related to the performance declaration as contained in the management report and the role the Committee has played in this process.

In this respect, the Committee should especially:

- i. proceed with examining the financial statements and the management reports pertaining thereto;
- ii. ensure the pertinence, permanence and proper application of the accounting methods adopted for drawing up the financial statements, it being specified that this involves mainly ensuring follow-up on the processes that contribute to their being drawn up and assessing the validity of the methods chosen for the purpose of processing significant transactions;

- iii. provide follow-up on the process of drawing up financial information and, where required, draft recommendations in order to guarantee the integrity of this information;
- iv. at the time of reviewing the financial statements, examine important transactions on the occasion of which a conflict of interest might arise;
- v. provide adequate treatment of significant transactions at the level of the Faurecia Group;
- vi. examine the scope of consolidation and, as the case may be, the reasons for which companies are not included in it;
- vii. provide follow-up on realization by the Statutory Auditors of their mission (taking account, as the case may be, of the findings and conclusions of the *Haut Conseil du Commissariat aux Comptes* [Supervisory Board of Statutory Auditors]), ensure implementation of their recommendations and hear them during meetings devoted to examining the process of working out financial information and examination of the financial statements in order to report on performance of their mission and the conclusions of their work;
- viii. review the financial communication materials and make any appropriate recommendations to the Board of Directors in this respect.

Examination of the financial statements by the Committee must be accompanied by (i) a presentation by management describing the exposure to risks, including those of a social and environmental nature, and significant off-balance sheet commitments of the Company as well as (ii) a presentation by the Statutory Auditors stressing the essential points not only of the results of the legal audit, notably auditing adjustments and significant weaknesses of internal control identified during the work but also of the accounting options adopted.

## **2.2 Relationship with the Statutory Auditors**

The Committee guides the procedure for the selection of Statutory Auditors and submits to the Board of Directors a recommendation on the Statutory Auditors proposed for appointment (or for renewal) by the general meeting (in application of article 16 of European Regulation no. 537-2014 dated 16 April 2014). It works out the procedure and principles for the selection of Statutory Auditors (particularly in the case of a call for tenders, if any). Where applicable, it supervises the call for tenders and validates the terms of reference and choice of firms chosen, ensuring selection of the "best bidder" and not the "lowest bidder".

The Committee ensures the conditions of the Statutory Auditors' independence (notably the conditions specified in the French Commercial Code and European Regulation no. 537-2014 dated 16 April 2014). It thus examines together with the Statutory Auditors the risks weighing on their independence and the measures of safekeeping taken so as to alleviate these risks. In particular, it shall ensure that the amount of fees paid by the Company and its group, or the share these fees represent in the sales turnover of the firms and networks, are not likely to prejudice the independence of the Statutory Auditors according to the terms set out in European Regulation no. 537-2014 dated 16 April 2014.

The Committee approves all missions of the Statutory Auditors other than those for certification of accounts under the conditions as are described in the Charter annexed to these Internal Rules.

The Statutory Auditors must present to the Committee:

- i. their general work program and the tests they have proceeded with;

- ii. modifications to the financial statements or auditing documents that appear necessary to them and their observations on the methods of evaluation used;
- iii. any irregularity or inaccuracy that they have identified;
- iv. the conclusions which have been drawn from these observations and corrections;
- v. no later than on the date the audit report is presented, an additional audit report drawn up in application (i) of article 11 of European Regulation no. 537-2014 dated 16 April 2014, and (ii) of article L. 823-16 III of the French Commercial Code (as amended by French Order no. 2016-315 dated 17 March 2016) setting out the results of the legal audit of the financial statements.

Each year, they send to the Committee:

- i. their statement of independence;
- ii. the amount of the fees paid to the network of Statutory Auditors by the entities controlled by the Company or the entity that controls it for services other than certification of the financial statements as well as the nature of these services;
- iii. information pertaining to services carried out for investigations directly linked to the Statutory Auditors' mission.

### **2.3 Internal control and management of risks**

The Committee shall examine and assess the procedures of internal control, and in particular it shall follow up on the efficiency of the systems of internal control of risks, including those of a social and environmental nature, as well as, where applicable, of the internal audit with regard to the procedures relating to working out and processing accounting, financial and extra financial information related to the performance declaration as contained in the management report without this compromising its independence.

In particular, the Committee shall ensure the existence of systems of internal control and management of risks, their deployment and implementation of corrective actions in case of significant weaknesses or anomalies which it shall bring to the attention of the Board of Directors.

In this context, the Committee is informed of the principal findings of the Statutory Auditors and of internal auditing. Thus :

- i. the Statutory Auditors bring to the Audit Committee's attention the significant weaknesses of internal control identified during their work as concerns the procedures relating to working out and processing accounting and financial information;
- ii. the Committee hears the persons in charge of internal auditing and control of risks and gives its opinion on the organization of their services. It must be informed of the internal audit program and be sent the reports on internal auditing or a periodic synthesis of these reports.

The Committee shall proceed at least once annually with presenting the Board of Directors with a follow-up and control of risks.

The Committee is also led to express all recommendations to the Board in order to assist the Chairman of the Board of Directors with preparing his report on the procedures of internal control and management of risks.



## **2.4 Budget and predictive management**

The Committee examines and makes all necessary recommendations to the Board of Directors concerning the annual budget, and it regularly reviews the Group's activity and execution of the budget.

It examines the documents for predictive management and the corresponding reports.

## **2.5 Financial situation, financing, issuing of securities**

The Committee regularly reviews the financial situation and the cash position as well as the Group's significant off-balance sheet commitments.

It examines and makes all recommendations necessary to the Board of Directors with regard to the issuing of bonds and complex securities not involving a capital increase or including the issuing of equity securities as well as concerning achievement of operations for modifying the registered capital.

## **3. COMMITTEE OPERATION**

The Committee meets at least twice a year, before closing of annual and interim financial statements and as often as necessary to carry out its missions.

The time available for reviewing of the financial statements by the Committee should be not less than two days before the Board of Directors. Exceptionally, at the decision of the Chairman of the Committee, this time can be shortened so as to take account of participation by the members of the Committee who are not based in France.

The Committee shall inform the Chairman of the Board without delay of any difficulty encountered in the exercise of their tasks.

The meetings shall be held at head office convened by the Committee Chairman and/or Secretary. They may also be held using videoconference or telecommunications. A Committee constitutes a quorum if at least half of its members is present either physically or by videoconference or by telecommunication.

The Committee reports on its work at the following meeting of the Board of Directors.

The Committee Secretary is responsible for the material organisation of the Committee sessions as well as taking part in them and preparing the meetings' minutes to be submitted for approval to the following Committee.

The Committee establishes annually its working programme taking into account the current business of the Company and the results of its preceding works.



# **GOVERNANCE, NOMINATIONS AND SUSTAINABILITY COMMITTEE INTERNAL RULES**

**Modified by the Board of Directors of 19 February 2021**

The purpose of these internal rules (hereafter referred to as the "Rules") of the Governance, Nominations and Sustainability Committee (hereafter referred to as the "Committee") is to define the Committee's composition, responsibilities, and operating rules of the Committee. They were adopted by the Board of Directors of Faurecia (hereafter referred to as the "Company") on 25 July 2016 and updated, in its last version, on 19 February 2021.

The Committee notably aims to address issues relating to (i) the selection, appointment and succession of Company officers<sup>1</sup> and Board members of the Company, (ii) the composition and running of the Board of Directors and its committees and more generally, (iii) the Company's governance and (iv) environmental and social responsibility of the Faurecia group.

Of strictly internal scope to the Company, the Rules will in no way replace the legislative and regulatory provisions governing the Company or its bylaws.

## 1. COMPOSITION OF THE COMMITTEE

The Committee composition is decided by the Board of Directors and may be modified at any time by the latter's decision.

The Committee is comprised of three (3) members minimum and five (5) members maximum.

The Committee members are chosen from the directors. They may not be represented to the Committees meetings.

Committee members' term of office coincides with that of their office as director. A committee member's office may be renewed at the same time as that of director.

The Board of Directors appoints a Chairman within the Committee for the same period as for his / her functions as director.

The Committee Chairman must be an independent director as defined in the Afep-Medef Corporate Governance Code for listed companies (hereafter referred to as the "Afep-Medef Code").

The Committee Secretary is appointed by the Committee Chairman.

The Committee shall not include executive officers or cross-directorships (as defined in Article 14.1 of the Afep-Medef Code) and must be composed of a majority of independent directors.

On invitation by the Chairman of the Committee, the CEO, some members of the general management (HR EVP...) or members of the Executive Committee attend the meetings of the Committees. The Chairman of the Committee may also decide, in his own discretion when he deems appropriate, to invite any other person he chooses as needed be.

## 2. COMMITTEE RESPONSIBILITIES

The purpose of the Committee is to study and prepare specific Board discussions. It issues opinions, proposals and recommendations within its scope of expertise, in particular on any issue submitted to it by the Chairman of the Board of Directors.

The Committee has only advisory powers and acts under the Board of Directors authority to which it reports whenever necessary and in place of which it must not act.

The Committee's tasks include:

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<sup>1</sup> The concepts of Company officers (*dirigeants mandataires sociaux*), executive officers (*dirigeants mandataires sociaux exécutifs*) and non-executive officers (*dirigeants mandataires sociaux non-exécutifs*) used in the Rules have the meaning set forth in the Afep-Medef Code.

## **1. Governance Structure and Assessment**

- reviewing all matters relating to the Company's governance structure, particularly the separation or the maintenance of aggregation of the functions of the Chairman of the Board of Directors and the CEO and to make any recommendation on the subject to the Board of Directors;
- ensuring Company compliance with the legal and regulatory provisions applicable in governance as well as with the Afep-Medef Code provisions which is the reference code to which the Company has chosen to adhere and making in this respect any necessary recommendations with a view, where appropriate, to updating the Board of Directors' and Committees' bylaws and rules of procedure;
- reviewing matters relating to governance of the Company that shall be submitted to it by the Chairman of the Board of Directors;
- making recommendations to the Board of Directors about the creation, composition, responsibilities and running of the Board of Directors' Committees;
- conducting the annual assessment of the running of the Board of Directors and its Committees and, conducting a thorough assessment at least every three years (that may be conducted with the support of a consultant) and making any relevant recommendations to the Board of Directors;
- reviewing every year (prior to publication of the Company's universal registration document) the independence of each member of the Board of Directors. This review is also carried out upon Board member's appointment;

## **2. Selection, Appointment and Succession of Company Officers and Board members**

- making recommendations to the Board of Directors regarding the appointment and the renewal of Company officers and Board members; it being understood that for the latter the Committee will in particular consider the following: the Board members' independence, the necessity for the Board to have competences and experience necessary to its responsibilities' exercise, the international diversity as to reflect the worldwide presence of the Group, the distribution between men and women within the Board of Directors;
- preparing a succession plan for the Company officers and Board members in order to be able to offer succession solutions to the Board of Directors, particularly in the event of unforeseen vacancy;

## **3. Selection and succession of the Executive Committee**

- reviewing annually the selection and succession plans of the members of the Executive Committee;

## **4. Ethics and Compliance**

- assessing the policy followed by the Company in ethics and compliance as regards good governance practices.

## **5. Environment and social responsibility**

- reviewing issues pertaining to the environmental and social responsibility policy of the Faurecia group and related objectives;
- monitoring the deployment of the environment and social policy, commitments and initiatives implemented by the Faurecia group;
- assessing the results achieved in extra-financial performance matters;
- in association with the Audit Committee, examining risks relating to sustainable development included in the extra-financial performance statement inserted in the annual report (included in the universal registration document);
- being informed of the resources available to the Faurecia group to implement and continue its strategy in environmental and social responsibility.

## **3. COMMITTEE OPERATION**

The Committee shall meet at least twice (2 times) per year and as often as necessary to carry out its missions.

The Committee shall inform the Chairman of the Board of Directors without delay of any difficulty encountered in the exercise of their tasks.

The meetings shall be held at head office convened by the Committee Chairman and/or Secretary. They may also be held using videoconference or even telecommunications. A Committee constitutes a quorum if at least half of its members is present either physically or by videoconference or by telecommunication. Opinions, proposals and recommendations shall be made based upon a majority vote of the members attending. If vote is tied then the Chairman shall have the casting vote.

The Committee may request external technical studies relating to matters within its competence, at the Company's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board thereon. If the Committee uses services provided by external consultants, the Committee must ensure that the consultant concerned is objective.

The Committee shall report on its work at the following meeting of the Board of Directors.

The Committee Secretary is responsible for the material organisation of the Committee sessions as well as taking part in them and preparing the meetings' minutes to be submitted for approval to the following Committee.

The Committee establishes annually its working programme taking into account the current business of the Company and the results of its preceding works.



# **COMPENSATION COMMITTEE INTERNAL RULES**

**Modified by the Board of Directors of 9 October 2019**

The purpose of these internal rules (hereafter referred to as the "Rules") of the Compensation Committee (hereinafter referred to as the "Committee") is to define the Committee's composition, responsibilities and operating rules. They were adopted by the Board of Directors of Faurecia (hereafter referred to as the "Company") on 25 July 2016 and updated, in its last version, on 9 October 2019.

The Committee aims to address issues relating to the compensation of Company officers (executive and non-executive)<sup>1</sup> and of Board members as well as issues associated with long term incentive plans policy. Within the framework of its tasks, the Committee is also informed of the performance and the compensation of the members of the Executive Committee and reviews the evolution of the compensation policy applicable to the Faurecia group's main managers (Executive Committee and Group Leadership Committee).

Of strictly internal scope to the Company, the Rules will in no way replace the legislative and regulatory provisions governing the Company or its bylaws.

## **1. COMPOSITION OF THE COMMITTEE**

The Committee composition is decided by the Board of Directors and may be modified at any time by the latter's decision.

The Committee is comprised of three (3) members minimum and five (5) members maximum.

The Committee members are chosen from the directors. They may not be represented to the Committees meetings.

Committee members' term of office coincides with that of their office as director. A Committee member's office may be renewed at the same time as that of director.

The Board of Directors appoints a Chairman within the Committee for the same period as for his / her functions as director.

The Committee Chairman must be an independent director as defined in the Afep-Medef Corporate Governance Code for listed companies (hereafter referred to as the "Afep-Medef Code").

The Committee Secretary shall be appointed by the Committee Chairman.

The Committee shall not include executive officers or cross-directorships (as defined in Article 14-1 of the Afep-Medef Code) and must be composed of a majority of independent directors.

On invitation by the Chairman of the Committee, the CEO, some members of the general management (HR EVP...) or members of the Executive Committee attend the meetings of the Committees. The Chairman of the Committee may also decide, in his own discretion, when he deems appropriate, to invite any other person he chooses as needed be.

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<sup>1</sup> The concept of Company officers (*dirigeants mandataires sociaux*), executive officers (*dirigeants mandataires sociaux exécutifs*) and non-executive officers (*dirigeants mandataires sociaux non-exécutifs*) used in the Rules have the meaning set forth in the Afep-Medef Code.

## **2. COMMITTEE RESPONSIBILITIES**

The purpose of the Committee is to study and prepare specific Board discussions. It issues opinions, proposals and recommendations within its scope of expertise, in particular on any issue submitted to it by the Chairman of the Board of Directors.

The Committee has only advisory powers and acts under the Board of Directors authority to which it reports whenever necessary and in place of which it shall not act.

The Committee's tasks include:

### **1. Company officers compensation**

- making annual recommendations to the Board of Directors regarding components of the compensation of the non-executive officer;
- making annual recommendations to the Board of Directors regarding both the fixed component and the criteria for the variable component of compensation for executive officers referring to equivalent French or foreign groups' general practice as well as other forms of compensation and benefits in kind received;
- making recommendations to the Board of Directors on the achievement of the criteria for the variable compensation of executive officers;
- making recommendations on other elements making the compensation of executive officers included in this the pension and healthcare plan, pension supplements, benefits in kind and other financial entitlements, particularly in the event of termination of service;
- ensuring the strict conformity of undertakings submitted to the regulated agreements procedure with the applicable rules;

### **2. Board members compensation**

- Making annual recommendations to the Board of Directors regarding the compensation of Board members (envelope, mechanism of allocation). Furthermore, it fixes every year the amount of the compensation due to the directors;

### **3. Long term incentive plans policy**

- discussing the general policy of allocating options for subscribing or purchasing shares, performance shares or any other form of long term incentive;
- reviewing the proposed plans for allocating options for subscribing or purchasing shares, performance shares or any other form of long term incentive as well as the allocations to beneficiaries;
- making recommendations to the Board of Directors concerning the award of options for subscribing or purchasing shares, performance shares and any other form of long term incentive to the executive officers and an advice on the list of other prospective beneficiaries;

### **4. Performance and compensation of the main managers of the Faurecia group (other than executive officers)**

- being annually informed of the performance and of the compensation of the members of the Executive Committee;



- reviewing, on a regular basis, the evolution of the compensation policy applicable to the Faurecia group main managers (Executive Committee and Group Leadership Committee).

### **3. COMMITTEE OPERATION**

The Committee shall meet at least twice (2 times) per year and as often as necessary to carry out its missions.

The Committee shall inform the Chairman of the Board of Directors without delay of any difficulty encountered in the exercise of their tasks.

The meetings shall be held at head office convened by the Committee Chairman and/or Secretary. They may also be held using videoconference or telecommunications. A Committee constitutes a quorum if at least half of its members is present either physically or by videoconference or by telecommunication. Opinions, proposals and recommendations shall be made based upon a majority vote of the members attending. If vote is tied then the Chairman shall have a casting vote.

The Committee may request external technical studies relating to matters within its competence, at the Company's expense, after informing the Chairman of the Board of Directors or the Board of Directors itself, and subject to reporting back to the Board thereon. If the Committee uses services provided by external consultants, the Committee must ensure that the consultant concerned is objective.

The Committee reports on its work at the following meeting of the Board of Directors.

The Committee Secretary is responsible for the material organisation of the Committee sessions as well as taking part in them and preparing the meetings' minutes to be submitted for approval to the following Committee.

The Committee establishes annually its working programme taking into account the current business of the Company and the results of its preceding works.