2019 Transformation in Action
Contents

Transformation in Action

MESSAGES FROM THE CHAIRMAN OF THE BOARD AND THE CEO 03

2019 PERFORMANCE: FINANCIAL & EXTRA-FINANCIAL 06

TRANSFORMATION STRATEGY

- Mobility industry at the heart of major transformations 10
- Faurecia strategy aligned with automotive megatrends 13
- Sustainable Mobility: accelerating transition to clean mobility solutions 14
- Cockpit of the Future enabled by Faurecia Clarion Electronics 16
- An innovation ecosystem to accelerate Faurecia’s transformation 18

AN ORGANIZATION TO DRIVE PERFORMANCE

- Four Business Groups to drive profitable growth 20
- A global approach to Total Customer Satisfaction 24
- Driving operational performance towards excellence 25

A SHARED CULTURE FOR SUSTAINABLE DEVELOPMENT

- Strong Values and Convictions 28
- Faurecia and its stakeholders 32
- Business model for value creation 34

STRONG GOVERNANCE & RISK MANAGEMENT

- The Board of Directors 36
- The Executive Committee 38
- An efficient risk management system 40
- Strong values for ethics and strict respect for compliance 42
Introduction

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. To this end, it has undertaken a number of acquisitions and partnerships to expand its ecosystem and accelerate its transformation.

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 Universal Registration 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 stakeholders, both in terms of financial and non-financial performance, over the short and long term.

This document is the introductory chapter of the Faurecia’s 2019 Universal Registration Document.

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

Message from
Michel de Rosen

As the COVID-19 pandemic continues to spread around the world, I would like, on behalf of the board of directors, to express my support to management and employees who are demonstrating a remarkable solidarity and an extraordinary resilience in this very difficult context. The management teams have reacted quickly to put in place all the necessary measures to protect the health and safety of their employees, obtain additional liquidity and prepare for a safe restart of production in the coming weeks. The Board of Directors has been involved during all the stages of this crisis and we are confident in the leadership team’s ability to get through this period.

2019 was another strong year for Faurecia, and the management teams once again demonstrated their ability to react quickly and effectively to changes in the automotive environment whilst at the same time deploying the mid- and long-term strategy discussed and defined by the board of directors. We were particularly involved in the acquisition of Clarion, its implications for the company strategy and the roadmap for the newly created Business Group. We also examined the acquisition of SAS and the creation of the fuel cell joint venture with Michelin and participated in the development of Faurecia’s new CSR strategy and in particular the initiative to become CO2 neutral by 2030.

The board also worked on its other missions, in particular: reviewing and approving the accounts and financial results; analyzing the risks and policies; proposing the dividend to the shareholders; reviewing the financial guidance and communication; reviewing the executive succession plans; discussing and deciding the executive compensation strategy, policy and execution and adjusting the governance to the evolution of legal requirements.

At the 2019 annual shareholders’ meeting we thanked the three members of the board (Eric Bourdais de Charbonnière, Hans-Georg Härter and Bernardette Spruyt) who did not run for re-election after serving the company in a most professional way and welcomed three new board members (Yan Mei, Peter Melters and Denis Mercier); we have thus continued to increase the diversity and international experience of the board. We will help us to continue to accompany the transformation strategy of the Group and to prepare for the potential consequences of the proposed merger of PSA and FCA, including possible changes in governance. We have improved the functioning of the board through the reorganization of the committees and reallocation of the work amongst them and the average attendance rate for the board and its committee meetings has been over 95%.

The Board of Directors is united in its support of the Chief Executive Officer, its Executive Committee and at of the Faurecia teams both in this difficult period of pandemic and as we move towards a new era for the automotive industry and potentially a more independent governance for Faurecia. I thank the members of the board, our shareholders, the management teams and the employees of Faurecia for their commitment.

Michel de Rosen
Chairman of the Board of Directors
In 2019, despite challenging market conditions, Faurecia continued to deploy its transformation strategy for the Cockpit of the Future and Sustainable Mobility, whilst maintaining a strong focus on resilience and Total Customer Satisfaction. This good balance between transformation and execution allowed us to achieve an outstanding financial performance, as well as a record order intake of €68 billion for the three years 2017 to 2019.

Faurecia’s transformation strategy is fully aligned with the four major trends disrupting the automotive industry: Connectivity, Autonomy, Ride-sharing and Electrification. Affordability has increasingly become a key driver for the adoption of new technologies in each of these areas. The deployment of our strategy is based on acquisitions and partnerships to accelerate the integration of the necessary competences and technologies and ensure rapid time-to-market.

Last year saw an acceleration in this deployment through the creation of our new Business Group, Faurecia Clarion Electronics, for which we presented a robust roadmap for profitable growth at our Capital Markets Day in November 2019. This activity is a strong enabler for the Cockpit of the Future and contributes to Sustainable Mobility through its ADAS product line. We also announced the acquisition of the remaining 50% of LASEA, a leading player in complex interior module assembly and just-in-time delivery. For Sustainable Mobility, we continued our investment in Fuel Cell Electric Vehicles, in particular through the creation of a joint venture with Michelin, to accelerate our Zero Emissions strategy and allow us to benefit from rapid powertrain electrification.

During 2019, we have also put a major focus across the Group on Total Customer Satisfaction. This approach goes beyond the traditional performance measures of quality and delivery and encompasses measures of perception of our customers on all dimensions of our relationship. Our customers rely on suppliers who not only support them in developing technologies for future mobility, but who also provide cost competitiveness and excellence across the product life cycle. Our Total Customer Satisfaction program is a key factor in commercial differentiation, all the more critical during this challenging period for our industry. In 2019, we received 48 recognition awards from our customers as testimony to our operational excellence and customer satisfaction.

The Group’s sustainable development strategy is based on Values and Convictions, which create a clear and strong culture, guide our actions and make us attractive to future employees. Aligned with our six Convictions about how we can make a positive contribution to society, the Group is deploying transversal initiatives with defined and measurable improvement indicators. As demographic and societal trends indicate that environmental challenges will drive the next disruption, Faurecia has launched a program to become CO2 neutral by 2030 for scopes 1 and 2 and part of scope 3.

At the time of writing, the world is going through an unprecedented health crisis and Faurecia is taking all the necessary measures to get through an extremely disrupted period. We have three priorities: the health and safety of our employees and their families, managing our liquidity and preparing the safe restart of production as soon as that becomes possible. To this end, our restart guidelines “Safer Together” are based partly on our experience in China, where we now have restarted production in all our sites and put in place strong measures to protect our employees.

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Due to the crisis and the subsequent lack of visibility for the automotive industry, the Group will present its new financial objectives for 2020 as soon as the macro-economic outlook for the rest of the year is sufficiently clear. Faurecia has significantly improved its operational and financial performance in recent years and will be absolutely ready to accompany the recovery in automotive production when it comes and continue with its transformation strategy.

The proposed merger between FCA and PSA would create our largest customer bringing new business opportunities as well as an enhanced market profile based on a larger free float, increased liquidity and higher visibility.

I would like to take this opportunity to thank our shareholders and the Board of Directors for their confidence, and in particular all of the Group’s employees for their contribution to our performance in 2019 and for their support during the management of the crisis.

Patrick Koller
Chief Executive Officer

“Faurecia has significantly improved its operational and financial performance in recent years and will be absolutely ready to accompany the recovery in automotive production when it comes and continue with its transformation strategy.”
2019 Financial performance

In 2019, Faurecia once again demonstrated its resilience in a very challenging environment whilst continuing to deploy its transformation strategy. The Group achieved all its financial targets thanks to its agility in adapting to market conditions that worsened during the year.

SALES BY CUSTOMER

SALES BY REGION

SALES

ORDER INTAKE (3-YEAR ROLLING)

Record order intake
€68 BILLION OF SALES

For more information: See chapter 1 Financial Statements of the 2019 Universal Registration Document.
**2019 Extra-financial indicators**

Based on its six Convictions for sustainable development, specific action plans have been developed for the planet, business and people, with initial quantifiable results expected by 2022. All 2022 targets are progress targets versus 2019.

<table>
<thead>
<tr>
<th>PLANET</th>
<th>BUSINESS</th>
<th>PEOPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CO₂ neutral by 2030</strong></td>
<td><strong>80%</strong> Of tier 1 suppliers CSR screened by Ecovadis</td>
<td><strong>24.4%</strong> Female Managers &amp; Professionals in 2019, up from 23.8% in 2018</td>
</tr>
<tr>
<td><strong>GHG EMISSIONS</strong></td>
<td><strong>610</strong> New patents filed in 2019, including 134 for Faurecia Clarion Electronics, up from 403 in 2018</td>
<td><strong>34%</strong> of Managers &amp; Professionals non-European</td>
</tr>
<tr>
<td>42 CO₂ tons equivalent/€m sales (scopes 1 &amp; 2)</td>
<td><strong>584m</strong> Invested in innovation over the last three years of which €235m in 2019</td>
<td><strong>2022 TARGET:</strong> 31%</td>
</tr>
<tr>
<td><strong>2022 TARGET:</strong> reduction of 20%</td>
<td><strong>48</strong> Customer recognition awards</td>
<td><strong>2022 TARGET:</strong> 39%</td>
</tr>
<tr>
<td><strong>ENERGY CONSUMPTION</strong></td>
<td></td>
<td><strong>2022 TARGET:</strong> 34%</td>
</tr>
<tr>
<td><strong>WASTE TREATMENT</strong></td>
<td></td>
<td><strong>2022 TARGET:</strong> 24.4%</td>
</tr>
<tr>
<td>€10.7m invested in environmental protection of which 80% for energy efficiency</td>
<td><strong>610</strong> New patents filed in 2019, including 134 for Faurecia Clarion Electronics, up from 403 in 2018</td>
<td><strong>77%</strong> of sites certified ISO 14001</td>
</tr>
<tr>
<td><strong>2022 TARGET:</strong> reduction of 5%</td>
<td><strong>5%</strong> 2022 TARGET: reduction of</td>
<td><strong>5</strong> safety training hours per employee per year up from 21.1 in 2018. 2022 target: 24 hours</td>
</tr>
<tr>
<td>77% of sites certified ISO 14001</td>
<td><strong>15 tons waste/€m sales of which more than 74% are recycled or valorized</strong></td>
<td><strong>77,000</strong> employees connected to e-learning portal, including 32,000 operators connected in 2019</td>
</tr>
</tbody>
</table>

**SAFETY AT WORK**

**2.05** FR1 accidents [number of accidents per million hours worked without day lost] in 2019 down by 13% over previous year

**SAFETY AT WORK**

**64** points engagement index in 2019

**EMPLOYABILITY**

**21.6** hours training per employee per year up from 21.1 in 2018. 2022 target: 24 hours

**EMPLOYABILITY**

**Creation of Faurecia Foundation to support projects proposed by employees for education, mobility and the environment**

**LOCAL COMMUNITIES**

**1,100** Projects to support local communities led by sites

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* Figures at date

**For more information:** See chapter 4 CSR of the 2019 Universal Registration Document.
Transformation strategy

Mobility industry at the heart of major transformations

Today society and business have entered a new age of unprecedented disruption. Major megatrends are shaping the world and its future: climate change, resource scarcity, growing and aging populations, economic power shifting towards Asia, and urbanization are just a few examples. At the same time, the technological revolution keeps accelerating, significantly transforming everyday life and generating new business models. Companies must adapt rapidly and anticipate new demands. Technology disruptions, the evolving structure of society and global development challenges mean that the mobility industry is at a turning point.

The consequence of these trends on the automotive industry is a radical shift in mobility which is becoming connected, autonomous, shared and electrified. Faurecia has anticipated these trends and developed a strategy to benefit from them. Asia is becoming the economic center of gravity and is the consumer market with the highest growth perspective.

By 2025 there will be an estimated 700 million actively connected cars in the world representing half of all vehicles. 1 in 2 of all new cars sold will be connected. (Source: Accenture)

Future mobility will be connected

Connected cars are already a reality. The trend for connected cars is driven both by legislation for safety (emergency calls), customer expectations for infotainment and technology developments for autonomous cars. Connectivity will allow continuous monitoring and upgrading of the vehicle and will provide access to a wide range of services for car occupants, including for safety and on-board user experiences for comfort, well-being, productivity and entertainment. The vehicle will become an integrated device in users’ “connected life” and consumers will demand the same level of service and convenience from their cars as from their smartphones or tablets. The move to 5G from 2021 will enhance connectivity through better quality, coverage and bandwidth.

By 2030 6 - 14% of cars level 4 autonomy and 15 - 25% level 2+ autonomy will be connected (Source: Accenture)

Future mobility will be autonomous

Autonomous driving will progressively allow the car driver to be hands-off the steering wheel, then eyes-off and ultimately mind-off the road in more and more situations. Autonomous technology for level three and level four classes already exists today but is unlikely to see rapid deployment due to high cost and an undefined regulatory framework. Roborace are likely to be the first mass application of autonomous vehicles with thousands of vehicles already on the road in pilot programs, while private cars are likely to remain focused on ADAS levels 1 and 2 systems for the foreseeable future.

Car occupants are increasingly wanting to engage in non-driving occupations such as relaxing, working and socializing. This means that the automotive industry will have to extend the value proposition, delivering new user experiences. In this context, the car interior will be completely reinvented, and the Cockpit of the Future will be connected, versatile and predictive.
**FUTURE MOBILITY WILL BE SHARED**

Connectivity is also impacting the way users see mobility as they begin to use new solutions, particularly in urban settings. Ride-sharing and car-sharing services are experiencing significant growth driven in particular by city strategies for improved mobility. The introduction of autonomous vehicles as robotaxis (Mobility as a Service or Maas) should accelerate this shift by significantly reducing costs per kilometer.

For Maas operators to differentiate themselves, the quality of the user experience will be key. Users of shared mobility will demand personalization of the interior and digital continuity. Mobility operators will have to work on offering the best and smoothest customer journey integrating services and multimodal mobility. Maas operators will therefore become strong vehicle, cockpit and interior specifiers, requesting specific capabilities and functionalities to support their services.

**FUTURE MOBILITY WILL BE ELECTRICIFIED**

The powertrain mix is rapidly evolving towards electrification, due to environmental concerns and pressure from regulators and society. Whilst different regions are moving at different speeds towards zero emissions, we are already seeing an acceleration in the production of hybrid vehicles. As technologies mature there will be a rapid increase in electric vehicles.

Battery Electric Vehicles and Fuel Cell Electric vehicles will co-exist as zero emissions alternatives, depending on use cases with fuel cell being particularly adapted to commercial vehicles with its longer range and faster re-fueling time. This trend towards zero emissions depends on a co-ordinated ecosystem that includes infrastructure and power supply providers.

**Crafting the future of mobility**

Faurecia’s strategy is to provide intelligent solutions for Sustainable Mobility and the Cockpit of the Future. The Group is uniquely positioned to do this through its leading position in its three historical activities - Seating, Interiors and Clean Mobility - and the creation of its fourth Business Group, Faurecia Clarion Electronics. From energy efficient and zero emissions technologies to connected and predictive cockpits, Faurecia is creating long-term value by providing solutions for Sustainable Mobility and the Cockpit of the Future.

As the trends for electrification, connectivity, autonomous driving and ride-sharing accelerate, there are increasing business development opportunities for Faurecia.

**CO₂ EMISSIONS REGULATION (g/km)**

Commercial vehicle following similar trend in Europe:
- 15% CO₂ in 2025 and -30% in 2030 vs. 2019

**POWERTRAIN ELECTRIFICATION**

- ICE diesel
- ICE gasoline
- ICE Hybrid
- Battery EV
- Fuel Cell EV

Note: Data converted to NEDC equivalent

**Addressable market**

- Sustainable Mobility
  - Addressable market: €46bn in 2030
- Cockpit of the Future
  - Addressable market: €73bn in 2030

**NEW CUSTOMERS**
- Rising Asian OEMs developing vehicles adapted to Asian consumers
- Pure Electric Vehicle players
- Mobility operators, fleets and cities
- High Horsepower engine manufacturers

**NEW PRODUCT**

- Increased role of personalized user experiences
- Upgradability, retrofit and connected services
- Cybersecurity of connected products

**NEW BUSINESS MODELS**

- Accelerating innovation for powertrain electrification and investing in zero emissions solutions
- Focusing on short time-to-market technology bricks for the Cockpit of the Future adaptable to autonomous driving
- Offering new functionalities through integrated electronics

- Over 55% of all new car sales could be electrified by 2030

- 2 million fuel cell electric vehicles by 2030

- 10 – 15% share of mobility fleet production by 2030

**Faurecia strategy**

Aligned with automotive megatrends
**Sustainable Mobility:** accelerating transition to clean mobility solutions

Societal and political pressure on the automotive industry to reduce emissions has never been higher. As stringent new regulations come into force around the world, and with demand for electrified vehicles constantly increasing, Faurecia has made sustainable mobility a strategic priority. Faurecia is addressing all the major segments for Internal Combustion Engines (ICE) and electric vehicles with solutions for light vehicles, commercial vehicles and high horsepower.

**ICE SOLUTIONS FOR LIGHT VEHICLES**

The requirement for increasing content in the powertrain to meet emissions control regulations, as well as the need for significant reduction in CO2 emissions, drive the need for several key Faurecia technologies which will increase the overall value of the exhaust line by 2025. The key technologies for fuel economy and emissions reduction that are already in production or will be by 2025 are the Electric Heated Catalyst (EHC) solutions including a pre-heating function that can give a near zero emissions vehicle, and a combined Exhaust Gas Recirculation (EGR) / Exhaust Heat Recovery Systems (EHRS) which can give over 3% CO2 savings. In terms of ultra-quiet vehicles, Faurecia offers an advanced exhaust line architecture, electric valves and resonance free pipes.

**ICE SOLUTIONS FOR COMMERCIAL VEHICLES AND HIGH HORSEPOWER**

Faurecia is anticipating the ongoing emissionization of all commercial vehicles (CV), particularly in growth markets like China and India, where regulations are converging towards European and North American standards. Technologies such as Faurecia’s heated doser contributes to ultra-low NOx emissions by operating efficiently even at lower temperatures and is compatible with current and future aftertreatment architectures. Faurecia’s technologies give an increased content per vehicle of 30% for commercial vehicles. In 2015, the Chevrolet Silverado and the GMC Sierra, are currently equipped with this RFP technology.

**PACe Award**

The Group’s Resonance Free Pipe (RFP) technology won a prestigious PACe award in 2019 for its ability to reduce weight and packaging complexity. Two general Motor models, the Chevrolet Silverado and the GMC Sierra, are currently equipped with this RFP technology. The PACe Awards, in their 25th year, are given to suppliers for game-changing product and process innovations that have succeeded in reaching the market. An independent panel of judges determines winners.

**EV SOLUTIONS FOR LIGHT AND COMMERCIAL VEHICLES**

Faurecia’s strategy for zero emissions vehicles covers both Battery Electric Vehicles (BEV) and Fuel Cell Electric Vehicles (FCEV).

Faurecia’s ambition in BEV is to develop solutions for battery housing including thermal management, in particular for dual power BEV and FCEV vehicles. The Group has four program awards in all regions and can capture up to €15/kWh.

Whilst they have not yet reached large scale production, FCEV offer advantages over BEV, in particular for heavy and long-range vehicles in terms of autonomy and charging time. Fuel cell and battery electric vehicles will co-exist for different applications with fuel cell being particularly appropriate for light commercial vehicles and commercial vehicles due to their superior Total Cost of Ownership and increased convenience. A complete H2 fuel cell system comprises the hydrogen storage system and the fuel cell stacks system. Faurecia is developing hydrogen storage systems which have increased autonomy, reduced cost and high reliability. The Group has 350 and 700 bar EC79 homologated tanks and already has two business awards.

Faurecia’s high content per electric vehicle means that an aggressive electrification scenario of 30% electric vehicles in 2030 accelerates Faurecia’s growth.

**ICE SOLUTIONS FOR COMMERCIAL VEHICLES AND HIGH HORSEPOWER**

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**Symbio**

Faurecia and Michelin have created a joint venture between Symbio, the European leader in fuel cell systems, and Michelin, the world leader in tires, to combine their expertise in the development of the complete hydrogen fuel cell system with the tire, suspension and chassis systems. Symbio was created in 2010 and has already installed fuel cell systems in hundreds of light commercial vehicles.

**CO-EXISTENCE OF FUEL CELL & BATTERY ELECTRIC VEHICLES**

<table>
<thead>
<tr>
<th>Gross Vehicle Weight (ton)</th>
<th>Small cars</th>
<th>Light Commercial Vehicles</th>
<th>Medium Cars</th>
<th>Large / SUV cars</th>
<th>Medium-duty truck</th>
<th>Heavy-duty truck</th>
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<td>&lt;1ton</td>
<td>11</td>
<td>28</td>
<td>67</td>
<td>120</td>
<td>&gt;50k</td>
<td>&gt;8k</td>
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<td>1-2T</td>
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<td>2-6T</td>
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<td>&gt;6T</td>
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<td>&gt;12T</td>
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</table>

FCEV*: véhicule électrique à pile à combustible
BEV*: véhicule électrique à batterie
Faurecia’s vision for the Cockpit of the Future is to provide a more versatile, predictive and connected environment to enable occupants to make the most of their time on board. The Cockpit of the Future will allow personalized consumer experiences combining functionalities such as infotainment, ambient lighting, postural and thermal comfort and immersive sound.

From its leading position in Seating and Interiors, Faurecia has undertaken a series of acquisitions and partnerships, which give it a unique position in interior modules and systems architecture. The creation of Faurecia Clarion Electronics, regrouping the complementary technologies of Clarion, Parrot Automotive and Coagent Electronics, technology companies Covatech and Creo Dynamics, as well as an ecosystem of start-ups and partners, enables Faurecia with the electronics, software, computer vision and artificial intelligence competences to enable its vision of the Cockpit of the Future.

Faurecia completed the acquisition of the remaining 50% of its SAS joint venture with Continental on 30 January 2020, a project that was announced on October 14, 2019. SAS is a key player in complex interior module assembly and logistics, with sales of around €740 million (IFRS15) in 2019 and employing around 4,490 people. This acquisition reinforces Faurecia’s Cockpit of the Future strategy and its systems integration offer which now covers all interior modules as well as functionalities such as lighting and thermal management. It also strengthens Faurecia’s Just in Time plant network with 20 facilities in Europe, North and South America and China.

Aptoide, one of the largest independent Android app stores, and Faurecia have created a 50/50 joint venture to develop and operate Android app store solutions for the global automotive market. This joint venture offers OEMs an affordable and secured automotive apps market, available worldwide with adaptable content per region. The Aptoide app store offers one million Android apps covering a variety of use cases such as gaming, navigation, content streaming services, point of interest recommendations or parking. Aptoide also offers an integrated secure payment mechanism supporting OEM strategies for service monetization, whilst securing the vehicle and occupants’ data privacy.

Increased connectivity in vehicles will drive new business models for upgradability, retrofit and services across the vehicle lifetime. Faurecia has developed a number of partnerships for connected services: with Microsoft for cloud connectivity, with Accenture for digital services and with Aptoide for an automotive app store. Faurecia presented at the latest CES some of its connected services including digital continuity for working and gaming, multimedia video and music streaming, upgradable sound systems and the Aptoide app store.
An innovation ecosystem to accelerate Faurecia’s transformation

Faurecia has developed a strong innovation ecosystem to accelerate the integration of new competences and time to market. This innovative and collaborative ecosystem incorporates non-rival alliances with global industry leaders, investment in startups, collaboration with academic institutions and active participation in associations with the mission to drive sustainable mobility.

This ecosystem covers different types of collaboration:
- Strategic and technology partnerships with key players in different industrial and technology sectors
- Investment in start-ups and technology platforms to collaborate with local start-up ecosystems
- Academic partnerships with universities and scientific institutes
- Active participation in key associations/think tanks for sustainable mobility

SUSTAINED INVESTMENT IN INNOVATION & DEVELOPMENT OF A BROAD ECOSYSTEM

Strategic and technology partnerships

- Michelin for fuel cell systems
- Microsoft, Aptoide, Devialet and Allwinner for the Cockpit of the Future

Investment in start-ups and technology platforms

Faurecia Ventures, the Group’s investment fund, advances Faurecia’s innovation strategy by identifying, incubating and investing in start-ups with relevant technologies for Sustainable Mobility and the Cockpit of the Future.

In 2019, Faurecia made initial investments in two start-ups: Outsight for sensors and GuardKnox for cybersecurity.

Faurecia also collaborates with local start-up ecosystems via technology platforms. They allow the Group to scout startups, establishing strong connections in major innovation clusters, and to closely follow emerging trends and new technologies. The Group’s platforms are located in the Silicon Valley, Toronto, Shenzhen and Tel Aviv. This latter platform was inaugurated in 2019 and is concentrated on cybersecurity.

Academic partnerships

Faurecia works with over 25 academic organizations in open innovation networks, to test, assess and prototype with them in order to provide the relevant information they need to orient their research for the Group. Important partnerships include those with Stanford University, the Collège de France, the French Commission for Atomic Energy and Alternative Energies and the Indian Institute of Science in Bangalore as well as collaboration between Dortmund and Supelec.

Collaborative approach to promoting sustainable mobility solutions

Faurecia is a member of the Corporate Advisory Board of Movin’On, an innovative and collaborative Think Tank aimed at defining mobility trends and setting up pre-competitive studies between the partners. Through its communities of interest Movin’On develops a common vision on specific topics and promotes collaborative intelligence to experiment new mobility solutions.

Faurecia is also 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.
An organization to drive performance

Four Business Groups to drive profitable growth

Faurecia is organized into four Business Groups: Clean Mobility, Seating, Interiors and the recently created Clarion Electronics. Faurecia is a global leader in its three historical Business Groups and aims to become a leader in cockpit electronics.

Faurecia Clean Mobility develops and produces innovative solutions to drive mobility and industry toward zero emissions. Its solutions for Internal Combustion Engines for passenger vehicles, commercial vehicles and high horsepower as well as technologies for both battery electric and fuel cell electric vehicles make it a global leader in clean mobility solutions.

Faurecia Seating develops and produces seat systems that optimize the comfort and safety of occupants while offering premium quality to its customers. It develops innovative solutions for thermal and postural comfort, health and wellness and advanced safety for the use cases of today and the Cockpit of the Future.

“Clean Mobility accelerated its transformation through significant investment in Fuel Cell technologies including launching a center of expertise for Hydrogen Storage Systems and the creation of the joint venture with Michelin for fuel cell stack systems. The Business Group continued its expansion into the Commercial Vehicles and High Horsepower market with strong order intake. ICE engines will continue to represent around 85% of the market in 2030 and Faurecia technologies will enable these to be ultra-clean and quiet, driving increased content per vehicle.”

“In 2019, Seating continued its transformation to achieve benchmark performance through operational excellence and digital manufacturing, customer intimacy and innovation. Our New Value Spaces for comfort and wellness technologies and light and versatile seat structures showed a very promising start and a high level of customer interest. Our strong order book will allow us to renew with significant growth from 2021.”

Faurecia Seating develops and produces seat systems that optimize the comfort and safety of occupants while offering premium quality to its customers. It develops innovative solutions for thermal and postural comfort, health and wellness and advanced safety for the use cases of today and the Cockpit of the Future.
Faurecia Clarion Electronics is the most recently created Business Group. Launched in April 2019 and headquartered in Japan, it brings together the software and electronics expertise of Clarion, Parrot Automotive and Coagent Electronics as well as other acquisitions such as Covatech and Creo Dynamics.

At its Capital Markets Day held on 26 November 2019, Faurecia outlined the robust roadmap of Clarion Electronics to achieve profitable growth. This combines both accelerating growth in its four product lines and an aggressive roadmap for cost competitiveness. Strong sales growth will be generated with selective management of order intake, the expansion of the customer portfolio beyond primarily Japanese OEMs, and increased content per vehicle. The cost competitiveness program includes headcount reduction and engineering offshoring, Bill of Material savings, an optimized footprint for operations and effective shared services and IT systems. This plan should generate at least €80 million annual savings by the end of 2020. These two priorities should enable Clarion Electronics to reach €2.5 billion of sales and 8% profitability in 2025.

Faurecia Interiors develops and produces full interior systems including instrument panels, door panels, center consoles and acoustic and soft trim, as well as decoration, interior lighting and smart surfaces. It has strong expertise in seamless integration of interior modules and incorporating functionalities such as naptic surfaces and ambient lighting.

Faurecia Interiors:
- €5,370m sales in 2019
- 37,370 employees
- 30% of Group sales
- 78 plants
- 14 R&D centers

In 2019, Interiors confirmed its leadership by renewing contracts with our major customers for some of their flagship vehicles in the US, in Europe and in China. We accelerated cooperation with Clarion Electronics to develop and promote the integration of displays into the cockpit, taking into account weight, safety and thermal constraints and ensuring optimal perceived quality, and we continued our partnership with Helio for interior lighting. We are now leading a cross Business Group initiative for smart materials with advanced functionalities, eco-design, bio-content and improved life cycle characteristics.

Clarion Electronics:
- €771m sales in 2019
- 5% of Group sales
- 7,330 employees
- 8 plants
- 3 R&D centers

“Clarion Electronics was launched on 1 April 2019 regrouping principally the three acquired companies of Clarion, Parrot Automotive and Coagent. We have immediately put in place a comprehensive strategy for strong growth based on our four product lines, in parallel with a significant cost reduction plan. CES 2020 showed Clarion Electronics’ capabilities as an enabler for the Cockpit of the Future and as a leader in ADAS with all of our technologies receiving strong customer interest beyond our traditional Japanese market.”

Patrick Popp
EVP Clarion Electronics

Jean-Paul Michel
EVP Clarion Electronics

“With its key competences in electronics & software, sensors and computer vision, Artificial Intelligence and connected solutions as well as display and systems integration, Clarion Electronics strengthens the Group’s position as a leading partner for the Cockpit of the Future and Advanced Driving Assistance Systems (ADAS).”

Jean-Paul Michel
EVP Clarion Electronics

Robust Roadmap for Profitable Growth for Clarion Electronics:

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A global approach to Total Customer Satisfaction

Faurecia’s global approach to Total Customer Satisfaction is an enabler of the Group’s transformation and a key driver for operational excellence.

Faurecia’s Total Customer Satisfaction approach aims at capturing a holistic picture of customer feedback, including both performance and perception across the whole value chain from innovation to after sales. In 2019, this program was intensified and became a solid element in the relationship between Faurecia and its clients as well as an integral part of Faurecia’s culture, as was demonstrated by the participation of all sites in Customer Champion week and the recognition of five Customer Champions out of 530 candidates. Beyond the traditional quality metrics, customer feedback is now being collected immediately and transparently via a dedicated Customer Satisfaction digital application. Based on this, Faurecia systematically implements action plans to improve customer satisfaction through the robustness of its launch performance and operational excellence to give sustained customer loyalty.

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The confidence of Faurecia’s customers in its strategy is expressed both through the numerous awards that its customers give to the Group and its record order intake over the past few years.

As a confirmed strategic partner of many of its major customers, Faurecia received 46 customer recognition awards in 2019 for global performance, manufacturing excellence, cost savings and innovation. In particular and for the second consecutive year, the Group was honored with a supplier award at the 2019 Group Renault Supplier event for its operational performance.

By the end of 2019 the Group’s three-year rolling order intake represented €68 billion of sales, a new record for the Group. In 2019, New-Value Spaces represented 17% of order intake compared with 12% in the previous year. Some examples of business awards won in 2019 demonstrate Faurecia’s commercial momentum, such as a first seat frame platform for Volvo and the complete seat for the Volkswagen ID Buzz and the Audi PPE. For premium interiors, Faurecia was awarded the door panel businesses for BMW 7 series and Mercedes S-class.

In 2019, a redesigned Faurecia Excellence System was deployed across the Group. Renamed FES X.0, it offers a clearer, more pragmatic and comprehensive system approach ensuring all employees understand their expected role. The focus on fundamentals and updated system content has also allowed the launch of a major global communication and education effort. This consisted of management workshops, multiple new digital learnings and reference documents (FES X.0 Handbook) and a global knowledge-embedding tool for our managers. 2020 will see the focus moving upstream to evolve our program management system (FMS).

This agility and capacity to continuously improve our excellence system is already starting to contribute to the success of the Total Customer Satisfaction program and impacting bottom-line performance.
DIGITAL MANUFACTURING

Initiated in 2015 using the Industry 4.0 or “Internet of Things” approach, the digital transformation of operations at Faurecia entered a mass deployment phase in 2017. Throughout our production processes and supply chain, the emergence of new solutions, such as smart robots (including collaborative robots, visual guided robots, etc.) or self-guided handling devices (AGVs) or “Automated Guided Vehicles”), has led to a breakthrough in the automation of assembly and handling of our products. At the end of 2019, 680 cobots (collaborative robots) and 920 AGVs had been installed at Faurecia production sites. Tools such as Digital Management Control (DMC) are making our shop floors paperless in 115 of our plants and allow an easier collection and assessment of production data than before. Thus, the reaction of operational teams is immediate in case of quality drift or production line stoppage. Digitalization of the manufacturing system is moving a step further with the launch of pull system digitalization (automatic production launch signal) that will strengthen monitoring of plant operational performance.

FAURECIA PLANT RANKING INITIATIVE

Every year, Faurecia recognizes its best plants. Launched in early 2018, the Plant Ranking initiative involves a monthly assessment designed to promote comparative analysis between production sites. Thanks to a specific tool, plant managers can compare their plant performance with any other Faurecia plant. The plant ranking initiative helps promote a healthy spirit of competition between the different sites, encouraging them to share best practices and reduce performance gaps.

In 2019, the criteria used for Plant Ranking evolved slightly with greater weight given to Total Customer Satisfaction KPIs. Faurecia had a total of 18 best plants in 2019:

- FAS: Guangzhou Frames, Yancheng, Changchun Frames, Niexia, Tianjin Frames, Anting Frames
- FE: Langfang, Tarazona, Almussafes, Puebla Injection, RCP Changchun
- FCM: Anting, Tianjin, Nanjing, Changchun, Beijing, Togliatti

The implementation of these digital management tools, combined with “big data” for an ever-greater control of manufacturing processes, opens up new prospects for optimizing the use of industrial assets. In addition, the connection of programmable controllers in production machinery to computer databases allows real-time analysis of many parameters thus preventing breakdowns and avoiding the production of non-compliant parts. The introduction of artificial intelligence for visual inspection at ports improves quality and reduces process variability.

115 Sites using digital management control
113 Lines connected on sites using digital management control
10 Sites using artificial Intelligence for non-quality Inspection

SAFETY AT WORK

The former “13 HSE Mandatory Rules” launched ten years ago to optimize safety in operations were replaced in 2019 by the “7 Safety Fundamentals”. The ambition remains the same: make sure that the work environment is safe for everyone, at all times. These safety rules have been clarified and amplified so that they are easier to understand and to apply. The objective is also to boost the CARE mindset, to make everyone feel responsible for their own safety and that of all people working around them.

Beyond the new framework of guidelines created by the 7 Safety Fundamentals, the STOP Work reflex is the very first step of the whole system. Inspired by the successful global HSE STOP Work reflex for machines, the aim of STOP Work is to empower all Faurecians with the duty and right to stop all work until a perceived risky situation has been contained and resolved. The STOP Work process ensures that employees can act without fear of being blamed.

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680 Collaborative Robots
920 AGVs

The implementation of these digital management tools, combined with “big data” for an ever-greater control of manufacturing processes, opens up new prospects for optimizing the use of industrial assets. In addition, the connection of programmable controllers in production machinery to computer databases allows real-time analysis of many parameters thus preventing breakdowns and avoiding the production of non-compliant parts. The introduction of artificial intelligence for visual inspection at ports improves quality and reduces process variability.

These new systems require new job profiles and create opportunities for employees to be trained in additional skills. For this reason, a series of training modules are being developed to train hundreds of people on machine connectivity, robot programming, industrial software usage and data analysis.

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A shared culture for sustainable development

Strong Values and Convictions

Faurecia has a responsibility as a company to make a positive contribution to society and to all its stakeholders. Faurecia’s commitment to sustainable development is an integral part of its corporate culture, Being Faurecia. Within this cultural framework, the Group has defined six Convictions and six Values that guide its actions and behaviors. Together, these Convictions and Values are the backbone of Faurecia’s transformation, empowering teams to make the Group more agile and efficient, and allowing it to balance short-term execution and sustainable long-term ambition. These robust principles also guide ethics, management and operational excellence.

The six Values are broken down into managerial values (Entrepreneurship, Autonomy and Accountability) and behavioral values (Respect, Exemplarity and Energy). Combined, they mobilize employees to achieve ambitious goals, deliver excellent performance and develop innovative solutions for future mobility.

Faurecia’s six Convictions describe the Group’s commitment for sustainability and long-term value creation in the face of the main global and social challenges.

Power must have a countervalance

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 (VEI) and internships that both provide the Group with a talent pool and enable extensive on the job training and cultural integration.

Six key transversal initiatives with defined and measured improvement indicators for the deployment of its Convictions

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<thead>
<tr>
<th>Environmental issues pose a serious challenge for humanity</th>
<th>Companies must have a positive impact on society</th>
<th>The world is in a state of permanent disruption</th>
<th>Power must have a countervalance</th>
<th>Diversity is a strength</th>
<th>Short-term thinking jeopardizes future generations</th>
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<tbody>
<tr>
<td>CO2 Neutrality by 2030</td>
<td>Faurecia Foundation for mobility, education &amp; environment</td>
<td>Strategic Innovation for Sustainable Mobility &amp; Cockpit of the Future</td>
<td>Inclusive Culture to attract, develop &amp; retain diverse talents</td>
<td>Total Customer Satisfaction for long term partnerships</td>
<td>Learning Organization to anticipate future disruption</td>
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</table>
These Convictions have been broken down into various action plans, which focus on three areas - Planet, Business, and People - with initial quantifiable results expected in around 2022.

**PLANET**
- Our actions consist of starting to reduce the carbon footprint of our sites and activities through energy and transport purchases. We are also addressing the carbon footprint of our products by using more environmentally-friendly materials and processes. Our goal is to become CO₂ neutral by 2030.

**BUSINESS**
- Our actions consist of introducing uncompromising workplace safety and risk prevention policies. To prepare the teams for future changes, we provide many different types of training to as many employees as possible. To attract and develop talent, we favor a more inclusive culture. And in addition, the Faurecia Foundation lets us act in a way that benefits local communities. As a global company, our goal is to increase our role towards society by contributing to solving social issues.

**PEOPLE**
- Our actions consist of improving employee engagement in the transformation both through in-class and digital learning. In 2019, Faurecia University launched a series of workshops to identify the most disruptive and initiated a series of CEO conferences with eminent outside speakers. The first series of talks covered the new globalization paradigm.

**INCLUSIVE CULTURE FOR DIVERSE TALENTS**
After progress made in previous years to increase the percentage of women M&Ps to 24.4% in 2019, Faurecia strengthened its initiative for diversity. From January 2020 the Group will deploy a training program for senior managers on conscious inclusion and put an increased emphasis on female career development.

**FAURECIA FOUNDATION**
The Group is creating a Foundation which will be focused on supporting projects proposed by the Group’s employees for education, mobility, and the environment. A first call for projects was made in the second half of 2019 in all of Faurecia’s operating countries.

**CO₂ NEUTRAL 2030**
Towards the end of 2019, Faurecia launched its CO₂ Neutral 2030 initiative covering scopes 1, 2, and 3 excluding use of sold products. This represented in 2019 around 7.5 million tonnes CO₂ eq. Deposition will start in 2020 focusing on three main trajectories through operations, design and compensation.

**STRENGTHENED CSR GOVERNANCE**
The 2019-2022 roadmap for CSR is reviewed biannually in the Executive Committee and presented to the Board of Directors annually. CSR is also fully integrated into the risk management of the Group and the remuneration of the CEO and the long-term incentives of the top management group are related to the Group’s diversity objective.

**ALIGNED WITH INTERNATIONAL ORGANIZATIONS**
In line with its Convictions, Faurecia adheres to international initiatives for sustainable development. The Group is a signatory of Global Compact and respects the ambitions of the 17 Sustainable Development Goals of the United Nations. Amongst these the Group has identified those that are particularly relevant to its CSR strategy. Faurecia is also a signatory of the French Business Climate Pledge and has committed to following the recommendations of the Task Force on Climate Financial Disclosure. The Group has a partnership with Ecovadis to evaluate the performance of our suppliers.

**FAURECIA FOUNDATION**
Faurecia University, present on all continents, continues to expand its training offer and drive employee engagement in the transformation both through in-class and digital learning. In 2019 Faurecia University launched a series of workshops to identify the next disruption and initiated a series of CEO conferences with eminent outside speakers. The first series of talks covered the new globalization paradigm.

**WE SUPPORT**

**Sustainable Development Goals**

**FRENCH BUSINESS CLIMATE PLEDGE**

**TCFD**

**ECOVADIS**

For more Information. See chapter 4 CSR of the 2019 Universal Registration Document.
Faurecia and its Stakeholders

Faurecia’s commitment to maintaining an open and constructive relationship with all its stakeholders is embedded in its Values and Convictions. Faurecia’s sustainable development approach will contribute to the creation of value, both financial and non-financial, for all of Faurecia’s stakeholders with whom the Group creates mutually beneficial relationships.

**STUDENTS**

In order to attract recent graduates, Faurecia participates in many events in universities and higher education establishments and is a partner of several events such as the Shell eco-marathon and Student Formula Germany and Japan. It is also a member of Elles Bougent in France to attract females into engineering vocations.

**EMPLOYEES**

Faurecia maintains strong dialog with all its employees and is actively pursuing measures to enhance communications and learning. In 2019 Faurecia undertook its bi-annual management survey as well as an operator survey at all sites and established action plans for improvement. The Group also opened its online learning lab to all non-connected employees and launched its “All Faurecians on Board” program to help managers understand and explain the transformation.

**SUPPLIERS**

Faurecia continued to expand its innovation ecosystem working with industrial partners, academic and research establishments, and start-ups in order to accelerate time to market for innovations for the Cockpit of the Future and Sustainable Mobility.

**INNOVATION PARTNERS**

Faurecia is committed to building a mutually beneficial relationship with its suppliers. On October 1st, Faurecia hosted a special Suppliers’ Day, inviting over 100 suppliers to exchange and initiate ideas for future strategic alignment and accelerate new ways of working together for innovation, Total Customer Satisfaction and zero emissions.

**CUSTOMERS**

The permanent development of customer intimacy is a priority for all the teams at Faurecia. This is achieved through regular contacts and strategy meetings, at all levels of the Group’s organization, from the top management to site teams, as well as through technology reviews and co-development projects. The Group’s recently launched Total Customer Satisfaction initiative, including its digital feedback application allows constant interaction with customers and has over 500 distinct users and has received over 750 comments.

**INDUSTRY ASSOCIATIONS**

Faurecia participates in all major trade associations and consultative bodies in the automotive industry in France, Europe and internationally.

**LOCAL COMMUNITIES**

Faurecia is an important economic actor in its local communities and strives to maintain good relationships with local authorities and contribute to local development. Through its FUELS program, all sites are encouraged to participate in organizing charitable contributions for their partner of choice in their community.

**FINANCIAL COMMUNITY**

Faurecia is committed to the highest standards of transparency in its communications with analysts, investors and individual shareholders. In 2019 the Group held a Capital Markets Day on November 26, organized roadshows and meetings in all the main financial centers as well as in its Headquarters and participated in all major conferences. Altogether over 200 meetings were held with management.

**STUDENTS**

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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. The Top Employer label is awarded to companies that meet relevant standards with regard to HR management practices in talent attraction and development, compensation and social benefits, as well as training and skills development.
Business model for value creation

INVESTMENT AND RESOURCES

OUR STRATEGY AND BUSINESS MODEL

VALUE CREATED FOR STAKEHOLDERS IN 2019

People
115,500 employees:
102 nationalities in 37 countries
4 Faurecia University campuses
77,000 employees connected to e-learning portal including 32,000 operators

Business
€235m invested in innovation
4 technology platforms
Global innovation ecosystem
221 programs launched in 23 countries and 133 plants

Planet
€10.7m invested in environmental protection
77% ISO 14001 certified sites
45,000 hours of environmental training

Investment
€685m
3.9%
INVESTMENTS IN FIXED ASSETS

Sustainable Mobility
Our vision is aligned with today’s environmental, social, consumer and automotive trends.

Connected

Autonomous

Electrified

Ride-sharing

Cockpit of the Future

Sustainable Mobility

Innovation ecosystem

Cockpit of the Future

Sustainable Mobility

4 Business Groups for profitable growth

Seating
Interiors
Clarion Electronics
Clean Mobility

Convictions & Values
FOR SUSTAINABLE PERFORMANCE

Total Customer Satisfaction
Operational excellence

A STRATEGY DRIVEN BY 2 PRIORITIES

2019 REVENUES

€17,768m

EMPLEDOYS

salaries & social charges

€3,862m

21.7%

SUPPLIERS

Purchases & other external costs

€12,193m

68.4%

STATES / COMMUNITIES

Taxes

€212m

1.2%

SHAREHOLDERS

dividends

€1,260m

7.1%

ABILITY TO FINANCE FUTURE GROWTH

€685m
3.9%
INVESTMENTS IN FIXED ASSETS

€1,330m
7.5%
GROSS R&D EXPENDITURE

€1,260m
7.1%
INVESTMENTS IN ACQUISITIONS

21.6 hours training per employee up from 21.1 in 2018
FR1 2.05 accidents down by 13% vs 2018

610 new patents filed in 2019
80% of tier 1 suppliers CSR screened by Ecovadis
Customer satisfaction 4 stars out of 5
48 customer recognition awards

60% female M&Ps, up from 23.8% in 2018
21.6 hours training per employee up from 21.1 in 2018
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Strong Governance & Risk Management

Faurecia has two governance bodies, the Board of Directors and the Executive Committee, responsible for deciding and implementing the Group’s strategy.

The Board of Directors

The Board of Directors oversees Faurecia’s business, financial and economic strategies. This 15-member body, including 8 independent Board members and 2 Board members representing the 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.

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<tr>
<th>Chairwoman / Chairman of the Committee</th>
<th>End of mandate - 2020 GM</th>
<th>End of mandate - 2021 GM</th>
<th>End of mandate - 2023 GM</th>
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<td>Michel DE ROSEN</td>
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<td>2. Patrick KOLLER</td>
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<td>14. Daniel BERNARDINO</td>
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<td>15. Emmanuel PIOCHE</td>
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With their diverse backgrounds, experience and skills, Faurecia’s Board members offer the Group their expertise, support it in defining its strategy and tackling the challenges that it faces, within the context of the Group’s transformation and ten new strategic orientations.

Expertise at the Service of Strategy

- Experience in Faurecia’s core businesses
- International experience in Automotive technologies
- Governance/Management of large companies
- High technologies
- Leadership & crisis management
- Artificial intelligence/Digital
- Industry
- CSR
- Banking/Finance/Risk management

Committees:
- Governance & Nominations Committee
- Audit Committee
- Chairwoman / Chairman of the Committee

Board members:
- Independent
- Board members representing employees
- Compensation Committee
- Governance & Nominations Committee

Committee meetings:
- Attendance rate at Committee meetings: 95%

Board meetings:
- Attendance rate at Board meetings: 96.55%
- Meeting dedicated to Faurecia spin-off (without members affiliated with PSA): +1
- Meeting with independent members only: +1

Nationalities: 6
Average tenure: 3.6 years
Average age: 59 years
Independent Board members(*): 61.5%
Female Board members(*): 46%
Board members representing employees: 2
The Executive Committee

Faurecia’s executive functions are performed by an Executive Committee that meets 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.

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<td>Chief Executive Officer</td>
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<td>Faurecia Clean Mobility</td>
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</tr>
<tr>
<td>Executive Vice President,</td>
<td></td>
<td></td>
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<tr>
<td>Group Strategy</td>
<td></td>
<td>Executive Vice President,</td>
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<tr>
<td></td>
<td></td>
<td>Faurecia Seating</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Nathwenn Delasney</td>
<td>8. Kate Phillips</td>
<td></td>
</tr>
<tr>
<td>Executive Vice President,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group General Counsel and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Secretary</td>
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<tr>
<td>4. Michel Favre</td>
<td>9. Patrick Papp</td>
<td></td>
</tr>
<tr>
<td>Executive Vice President,</td>
<td></td>
<td></td>
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<tr>
<td>Group Chief Financial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Officer</td>
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</tr>
<tr>
<td>Executive Vice President,</td>
<td></td>
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<tr>
<td>Faurecia Clarion Bechancor</td>
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</tbody>
</table>

Members of the Executive Committee

THE CHIEF EXECUTIVE OFFICER’S COMPENSATION

<table>
<thead>
<tr>
<th>Fixed compensation</th>
<th>Short-term variable compensation</th>
<th>Long-term variable compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quantifiable objectives</td>
<td>Performance shares</td>
</tr>
<tr>
<td></td>
<td>From 0 to 150% of the fixed</td>
<td>Fulfillment of an external</td>
</tr>
<tr>
<td></td>
<td>compensation</td>
<td>performance condition</td>
</tr>
<tr>
<td></td>
<td>Operating income (40%)</td>
<td>EPS (30%)</td>
</tr>
<tr>
<td></td>
<td>Net cash flow (60%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Qualitative objectives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(for 2019)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Multiplying effect from 0.70 to 1.20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Clarion integration (30%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategy execution (50%)</td>
<td></td>
</tr>
</tbody>
</table>

For more information: See Chapter 3 Governance of the 2019 Universal Registration Document.
An efficient risk management system

The Group has developed a comprehensive risk management system. This allows Faurecia to optimize the operations of its Business Groups through identification and mitigation of major risks.

A SHARED GROUP-WIDE APPROACH TO RISK MANAGEMENT

Most Faurecia functions and governance structures are involved in the support of Faurecia’s evolving business model through risk management. The Executive Committee, Group Risk Committee and the Executive Management of each Business Group work together to avoid and contain all potential threats to Faurecia’s success, from risk mapping to the monitoring of specific operational risks. In this regard, the Group launched the Faurecia Enterprise Risk Management Program (ERM) in 2017, to define and oversee risk management actively and consistently, for all types of risk.

This table presents the main risks identified by Faurecia, broken down according to the Group’s different categories. Faurecia has implemented a variety of counter-measures to prevent and contain these risks. They are detailed in Chapter 2 of the Registration Document (“Risks”).

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>RISKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational and industrial risks</td>
<td>COVID-19 Pandemic</td>
</tr>
<tr>
<td></td>
<td>Continuity and security of information systems</td>
</tr>
<tr>
<td></td>
<td>Risk associated with the automotive supplier business</td>
</tr>
<tr>
<td></td>
<td>External growth</td>
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<tr>
<td></td>
<td>Program management</td>
</tr>
<tr>
<td></td>
<td>Product safety and Quality</td>
</tr>
<tr>
<td></td>
<td>Fire and explosion</td>
</tr>
<tr>
<td></td>
<td>Supplier failure</td>
</tr>
<tr>
<td></td>
<td>Safety at work</td>
</tr>
<tr>
<td></td>
<td>Sites’ environmental impact and climate change</td>
</tr>
<tr>
<td></td>
<td>Talent acquisition and retention</td>
</tr>
<tr>
<td>Financial and market risks</td>
<td>Interest rate risk</td>
</tr>
<tr>
<td></td>
<td>Currency risk</td>
</tr>
<tr>
<td></td>
<td>Liquidity risk</td>
</tr>
<tr>
<td></td>
<td>Risk related to raw materials</td>
</tr>
<tr>
<td></td>
<td>Customer credit risk</td>
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<tr>
<td></td>
<td>Regulatory development</td>
</tr>
<tr>
<td></td>
<td>Litigation</td>
</tr>
<tr>
<td>Legal, regulatory and reputational risks</td>
<td>Duty of care and responsible purchasing</td>
</tr>
<tr>
<td></td>
<td>Intellectual property</td>
</tr>
<tr>
<td></td>
<td>Business ethics</td>
</tr>
</tbody>
</table>

The Board of Directors and its Audit Committee conduct continuous oversight of the process. The Group’s internal control and audit organization, as well as external contributors, provide their specific expertise, from operational processes to auditing.

This table presents the main risks identified by Faurecia, broken down according to the Group’s different categories. Faurecia has implemented a variety of counter-measures to prevent and contain these risks. They are detailed in Chapter 2 of the Registration Document (“Risks”).

<table>
<thead>
<tr>
<th>BOARD OF DIRECTORS</th>
<th>MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>Executive Committee</td>
</tr>
<tr>
<td>Yearly review of Risk Management process and top risks</td>
<td>Monthly Committee with punctual review on specific risks</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>Risk Committee</td>
</tr>
<tr>
<td>Yearly presentation of Risk Management process and Tier-1 risks</td>
<td>Quarterly Committee with review of Tier-1 and Tier-2 risks</td>
</tr>
<tr>
<td>Quarterly review of a specific Tier-1 risk</td>
<td>Other Committees (CSR, Internal Control, Compliance)</td>
</tr>
<tr>
<td></td>
<td>On a regular basis to review relevant risks</td>
</tr>
</tbody>
</table>

For more information, see Chapter 2 Risks and 4 CSR of the 2019 Universal Registration Document.
Strong values for ethics and strict respect for compliance

BUILDING A HIGH COMPLIANCE STANDARD WITHIN OUR GROUP AND IN RELATIONSHIPS

WITH OUR STAKEHOLDERS IS A TOP PRIORITY

Faurecia’s ethical culture is embodied in its Code of Ethics allowing the Group to create value for all its stakeholders. The Code of Ethics is structured around four topics: respect of fundamental rights, development of economic and social dialogue, skill development, ethics and rules of conduct. It is part of the Faurecia Core Procedures and aims to develop accountability and employee empowerment. The Group has an anti-corruption Code of Conduct and a best practices guide concerning anti-competitive practices. These rules cover the following subjects: policy on gifts and hospitality; donations and sponsorships; managing conflicts of interest; the “golden rules” of competition law.

Faurecia communicates regularly on its ethics culture and related rules and will continue to do so to make sure all its business partners know the rules and help Faurecia to continue to adhere to high standards of ethics & compliance.

GOVERNANCE

At Group level, the Chief Executive Officer chairs a quarterly committee, which is steered by the compliance function. The primary activities and strategic decisions of the ethics and compliance program are discussed and approved within this body. The primary compliance risks identified and monitored by the compliance function are presented and discussed in the quarterly Risk Committee. Regional Compliance officers and BG Compliance leaders facilitate quarterly Compliance Committees to deploy and facilitate compliance programs at each level of the Group’s activities aligned with Group priorities.

Faurecia will continue to make sure that all its business partners understand and commit respecting rules and principles of its Code of Ethics with a view to supporting the Group to carry out its business activities across its value chain, in accordance with high standards of ethics and compliance.

SPEAK UP

If someone feels that these rules are not respected, if someone sees a behavior which is not in compliance with Faurecia’s ethical standards or a situation at risk regarding certain regulations, then the person has the responsibility to speak up either through a usual contact (HR, Manager, Compliance Officer) or through Faurecia’s whistle-blowing line. Developing the culture of Speak Up is a key element of one of Faurecia’s Convictions, “power must have a counter balance”. Faurecia has zero tolerance for non-compliance and encourages everyone, every time, everywhere to feel free to report issues without fear of retaliation.

CULTURE

No compromise with Ethics & Compliance, even in a more challenging market context

COS OF ETHICS

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

SPEAK UP

Speak Up link www.faurecia.ethicspoint.com

- 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

WORKING IN & FOR A SUSTAINABLE BUSINESS

- Duty of care
- Anti-trust prevention
- Intellectual property protection
- Accounting rules protection
- Conflict of interest management
- Fraud prevention
- Human rights protection
- Suppliers selection