Integrated Report Overview

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

This document is the introductory chapter of Faurecia’s 2020 Universal Registration Document. For further information please consult the Group’s website www.faurecia.com
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A world leading automotive technology company

Faurecia is a leading automotive technology company developing solutions for Sustainable Mobility and the Cockpit of the Future.

€14,654M 114,000
SALES IN 2020 EMPLOYEES OF 103 NATIONALITIES

35 266 39
COUNTRIES INDUSTRIAL SITES R&D CENTERS
Business Groups

Clean Mobility
Innovative solutions to drive mobility & industry toward zero emissions
• Ultra-low emissions solutions
• Commercial vehicles and Industry
• Zero-emission hydrogen solutions

Seating
Technologies for a safe, smart & comfortable onboard experience
• Seat structure systems
• Complete seats
• Covers and foam solutions

Interiors
Full interior systems with premium quality integration
• Instrument panels
• Door panels
• Center consoles
• Sustainable & smart materials
• Interior modules

Clarion Electronics
Electronics, software & Artificial Intelligence for personalized user experiences
• Cockpit electronics
• Display technologies
• Advanced Driver Assistance Systems

Sales by region

- **EUROPE** 47%
- **NORTH AMERICA** 25%
- **ASIA** 24%
- **SOUTH AMERICA AND REST OF THE WORLD** 4%
We move into 2021 with a strong ambition and new perspectives for development.”
Interview

with Patrick Koller
Chief Executive Officer

A transformation strategy to meet the challenges facing the automotive industry

Over the past few years Faurecia has significantly transformed its business through acquisitions and partnerships. Could you explain your strategy?

Faurecia’s mission is to develop technologies for Sustainable Mobility and to create personalized experiences for the Cockpit of the Future. At the same time, we offer solutions to meet the challenges of future generations. This mission guides our transformation strategy and our investment. In 2019, we created our fourth Business Group, Faurecia Clarion Electronics, accelerated our investment in fuel cell technologies for zero-emissions mobility and launched our ambitious program to be CO₂ neutral by 2030.

Our new Business Group, which is headquartered in Japan, is a fundamental enabler of our Cockpit of the Future strategy and will drive the development of personalized and connected experiences for all occupants. The integration of Clarion is now completed and the Business Group is on a solid trajectory for profitable growth as demonstrated by the high level of order intake in 2020.

Another acquisition you made in 2020 was that of SAS Interior Modules. How does this contribute to the Group’s strategy?

SAS has a strong expertise in systems integration and product diversity management and gives us the ability to integrate a full range of interior modules and functionalities. It strengthens Faurecia’s Just-in-Time network and logistics competences. SAS has strong growth potential in North America and in China and has also shown a very strong order intake in 2020.

One of the key issues of the industry is zero emissions. What are you doing in this field?

This question is at the core of our strategy for Sustainable Mobility and we are investing significantly in fuel cell technology. Expanding the use of hydrogen is a cornerstone of the energy transition. Green hydrogen could supply almost 20% of the world’s energy demand by 2050. Its natural abundance and versatility of production can help solve several critical energy decarbonization challenges in the future. Hydrogen is perfectly suited in particular to commercial vehicles, given its benefits in terms of refueling time and autonomy.

Our strategy is aligned with the needs of the automotive industry as we invest in fuel cell technology and our CO₂ neutral initiative.

Faurecia aims to become a leader both in hydrogen storage systems and distribution services, for which we have created a center of excellence in France, and in fuel cell stack systems and services through our joint venture with Michelin. We strongly believe in this technology as an answer for sustainable mobility.
The second aspect of the question is how we reduce our own emissions. The latest science has made it clear that more needs to be done urgently in order to avoid the worst impacts of climate change. As a company, Faurecia has a strong conviction that we need to make a positive contribution to the planet. We launched our CO$_2$ neutral program at the end of 2019 and we have created a partnership with Schneider Electric to support our ambition to become CO$_2$ neutral for our internal emissions across all of our 300 sites by 2025 (scopes 1 & 2). By 2030, we will converge towards neutrality for our controlled emissions (scope 3 excluding emissions of vehicles equipped with Faurecia products). I am particularly pleased that our CO$_2$ neutral trajectory was recently approved by the SBTi (see p.30). Through this program we want to both reduce our environmental impact and create long-term value across our entire supply chain.

Our strong focus on Total Customer Satisfaction has been key and has enabled us to have a record order intake again in 2020. Suppliers was also critical. Our strong focus on Total Customer Satisfaction during this period has been key and has enabled us to have a record order intake again in 2020. We launched several initiatives with our suppliers to support them and to build a strong and resilient supply chain. Above all however it was clearly our teams that made the difference.

Could you outline your main initiatives that are allowing you to demonstrate this resilience?

We have accelerated several initiatives which will allow us to lower our breakeven point significantly. These include our Global Business Services deployed in five key centers and being expanded into other functions, and our Research and Development efficiency program which will allow us to increase our investment.

Obviously 2020 was an exceptional year with the pandemic and ensuing economic crisis. How did Faurecia deal with this situation, particularly in the first half of the year?

It was a truly unprecedented situation, starting in China in January and then spreading to the rest of the world. Almost all countries experienced lockdowns of many weeks and in the second quarter of the year production levels globally were down 50%. Our first priority was the health and safety of our employees and preparing for the safe restart of production. Our safety protocol was implemented and audited regularly across all our sites and was also shared with suppliers and other industries. Our second key priority during the first half of the year was ensuring our liquidity, which we also managed very successfully. During the rest of the year we managed a very rapid ramp-up of production and remained extremely focused on the health and safety of our employees and vigilant to the evolution of the pandemic.

What are the characteristics of Faurecia that enabled you to navigate this crisis?

I think our performance during the year, and the achievement of our improved guidance, is a key indicator of our resilience. We had already demonstrated this in 2019 and we were in a good position to react very rapidly to the situation. I believe the strength of our relationships with our customers and our employees was also critical.
in innovation. In our plants our digital transformation is allowing increased efficiency and agility, in particular through automation. The next stage will involve the use of data and Artificial Intelligence. Obviously, the massive shift we made to home office would not have been possible without our digital workplace, enabled by our partnership with Microsoft. This allowed us to maintain communications, meetings and trainings as well as virtual factory visits and audits. In the future I think our digital transformation will not only continue to ensure operational efficiencies across our factories but will also enable new ways of working.

—> A strong ambition for the future

What do you think the long-term impact of the crisis on the automotive industry will be and will this impact Faurecia’s strategy?

It is still a bit early to tell what the long-term impact of the crisis will be on the automotive industry, but we can already see that some trends are being accelerated, in particular powertrain electrification. As market incentives and CO₂ regulations drive both offer and demand for zero-emissions vehicles, the only question remaining is the speed of uptake of electric vehicles. Our current hypothesis is that by 2030 around 30% of the market will be full electric vehicles. Another related impact is the attitude of society towards climate change and the demand for action. On the other hand, it is probable that investments in full autonomous driving will slow down. Our strategy is more than ever aligned to the needs of the automotive industry as we invest in fuel cell technology and our CO₂ neutral initiative.

Could you tell us about your initiatives for sustainability and future generations?

We have a strong conviction that we must act today for future generations. This is a key driver of our ambition to be CO₂ neutral by 2030 and our commitment to develop our people and support our communities. I believe our training through Faurecia University and our online learning portal are best-in-class, and allow all Faurecians to adapt to the transformation of our business. I am also pleased to have launched the Faurecia Foundation which supports initiatives proposed by our employees to help their local communities in the fields of education, mobility and the environment.

What is your outlook for the next few years?

We will continue to strengthen our resilience and agility to accelerate our profitable growth and achieve our ambition of 8% operating margin and 4% net cash flow in 2022. We will continue to strengthen our resilience and agility and benefit from a strong order book to accelerate our profitable growth. This will enable us to achieve our targets of 8% operating margin and 4% of net cash flow in 2022. We welcome the decision of Stellantis to distribute its participation in Faurecia to its shareholders, which will increase our free float, improve our capital markets profile and allow us to affirm our business strategy as an independent company. We will be successful in achieving our strong ambition for 2025 thanks to the continued and unwavering support of all our employees, suppliers, customers and shareholders. I would like to thank them sincerely for their commitment during this particularly difficult year. We have come through this period successfully and are looking forward to the future with optimism and enthusiasm.
2020 Financial performance & roadmap

Worldwide automotive production
(in millions of vehicles)

Source: IHS Markit (vehicles segment in line with CAAM for China)

In 2020, the automotive industry was deeply affected by the COVID-19 crisis. Within this unprecedented context, Faurecia was able to manage very effectively in an extremely tense first half of the year, and then benefited from a gradual market recovery. In the second half, the Group returned to a profitability level close to that of 2019, and offset the high cash burn in the first half. The Group strengthened its main financial indicators so as to take advantage of the expected rebound in the automotive market from 2021 onwards.

Michel Favre
Executive Vice President,
Group Chief Financial Officer

“OUR PERFORMANCE IN 2020 ILLUSTRATES OUR STRONG RESILIENCE”

Sales
(in millions of euros)

Operating income
(in millions of euros)
(% of sales)

Legend
→ H: Half year
→ FY: Full Year

Source: IHS Markit (vehicles segment in line with CAAM for China)
Performance

2022 financial targets and 2025 ambition

These figures were revealed by Faurecia at its Capital Markets Day held on February 22, 2021.

<table>
<thead>
<tr>
<th></th>
<th>2022 target</th>
<th>2025 ambition</th>
<th>2021 to 2025</th>
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<tbody>
<tr>
<td><strong>SALES</strong></td>
<td>≥ €18.5bn</td>
<td>≥ €24.5bn</td>
<td>Organic CAGR c. +11%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Average outperformance &gt; +500bps</td>
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<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td>8% of sales</td>
<td>&gt; 8% of sales</td>
<td></td>
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<tr>
<td><strong>NET CASH FLOW</strong></td>
<td>4% of sales</td>
<td>close to 4.5% of sales</td>
<td>Cumulated 5-year &gt; €4bn</td>
</tr>
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Performance

2020 CSR indicators & roadmap

Based on its six Convictions for sustainable development, specific action plans and a roadmap for 2025 have been developed.

RESPECT FOR THE PLANET

GHG EMISSIONS INTENSITY
47 tons CO₂ equivalent /€m sales (scopes 1 & 2)

ENERGY INTENSITY
120MWh/€m sales of which 15% renewable energy

WASTE TREATMENT INTENSITY
13.5 tons waste/€m sales

79% of sites certified ISO 14001

€13.5m invested in environmental protection of which 67% for energy efficiency

RESPONSIBLE EMPLOYER

SAFETY AT WORK
1.60 F111 accidents (number of accidents per million hours worked without day lost) in 2020 down by 22% over previous year

DIVERSITY & INCLUSION
25.1% female Managers & Professionals in 2020, up from 24.4% in 2019

34% of Managers & Professionals non-European

EMPLOYEE SATISFACTION
76 points engagement up 12 points compared to 2019

EMPLOYABILITY
19.2 hours training per employee

LOCAL COMMUNITIES
3 projects supported by the Faurecia Foundation in 2020

RESPONSIBLE BUSINESS PRACTICES

SUPPLIERS
87% of Tier-1 suppliers CSR screened by Ecovadis up from 80% in 2019

CUSTOMER SATISFACTION
4.2 stars out of 5 up from 4.0 in 2019

BUSINESS ETHICS
95% managers & professionals trained on Code of Ethics

SAFETY AT WORK
1.60

DIVERSITY & INCLUSION
25.1%

EMPLOYEE SATISFACTION
76

LOCAL COMMUNITIES
3

A clear sustainability for 2025/2030

- CO₂ neutral in operations
- Safety as 1st priority F111 <1.2 by 2025
- Eco design in products CO₂ neutral for controlled emissions scope 3 by 2030
- Investment for sustainable technologies €1.1bn cumulated 2021-2025
- Business ethics 100% of employees trained on the Code of Ethics in 2025
- Responsible supply chain >90% of suppliers assessed by Ecovadis by 2025

See Chapter 4 Extra-Financial Performance of the Universal Registration Document.
Transformation and value creation
Prior to the 2020 pandemic and ensuing economic crisis, society and business were already in an age of unprecedented disruption.

Major economic and societal trends were 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. As a consequence the automotive industry is in the midst of a technological revolution driven by four megatrends making mobility more connected, autonomous, shared and electrified. The entire industry has adapted to take into account different attitudes towards mobility, develop new business models and invest massively in new technologies. Whilst it is too early to tell what the long-term impact of the global pandemic and economic crisis will be on the automotive industry, production volumes will not recover their 2019 levels before 2022 or 2023.

Connectivity

Connected cars are already a reality and by 2025 almost 80% of vehicles will be connected to the internet. The trend for connected cars is driven both by legislation for safety (emergency calls), customer expectations for infotainment and technology developments for autonomous driving. 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. It will also enable cars to communicate with their wider environment, including other vehicles and infrastructure.

Recent evolution

The deployment of 5G for increased connectivity has slowed down in Europe as compared to the US and Asia. 5G enables low latency and large bandwidth communication for automotive applications in the areas of driving assistance or infotainment. So we are likely to see regional disparities in the deployment of these technologies.

Autonomous driving

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 3 and level 4 systems already exists today but is unlikely to see rapid deployment due to their high cost and an undefined regulatory framework. Robotaxis 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 2 and 3 systems for the foreseeable future.

Recent evolution

The acceleration of electrification means that the major investments required for autonomous driving are likely to slow down with automakers focusing on the incremental deployment of Level 2 and Level 3 driver assistance systems. L4/L5 autonomous driving could represent 3% of vehicles sales in 2030 versus a previously estimated 6%.
Shared mobility

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 have experienced 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 the shift by significantly reducing costs per kilometer.

**Recent evolution**

In the short-term ride-sharing services have suffered with the lockdowns and economic crisis, as well as increasing health concerns. However, the rise of micromobility alternatives and the push for electric vehicle car-share schemes in major urban areas is likely to drive a return to shared mobility in the mid-term.

Electrification

The powertrain mix is rapidly evolving towards electrification, due to environmental concerns and pressure from regulators and society. While different regions are moving at different speeds towards zero emissions, we are already seeing an acceleration in the production of hybrid and electric vehicles. As technologies mature and charging infrastructure is deployed 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 the emergence of ecosystems for electricity and hydrogen supply, as well as the decrease in the technology cost.

**Recent evolution**

Electrification will accelerate as regulations and government incentives boost both offer and demand and as society becomes increasingly concerned about climate change. Our fast electrification scenario of 30% electric vehicles in 2030 is confirmed. The massive investments being made in many countries in hydrogen as a clean energy source could be a game changer for transportation and logistics.

Climate change takes center around the world

**The political and societal drive towards action climate change has now reached the forefront of the agenda in many countries and regions of the world.** The Green Deal in Europe to reduce greenhouse gas emissions by 55% in 2030 and to have no net emissions in 2050 is a clear demonstration of this, as is the emphasis put on renewable energy in economic recovery plans. With transport accounting for around one quarter of global CO$_2$ emissions and passenger vehicles around 10%, the automotive industry has a strong responsibility to reduce greenhouse gas emissions and reduce its environmental impact. Actions on climate change present a number of opportunities for Faurecia.
Our strategic solutions and priorities

Faurecia brings solutions to meet the needs of the automotive industry

Solutions for Sustainable Mobility & the Cockpit of the Future
Faurecia is uniquely positioned to create long-term value by developing technologies for Sustainable Mobility and personalized experiences for the Cockpit of the Future.

An ambition to be CO₂ neutral by 2030
Faurecia is committed to tackling climate change and has launched an ambitious program to converge to CO₂ neutrality by 2030. The Group’s program has been validated by SBTi (see page 30).

We achieve this through a strong focus on:

Innovation accelerated by a strong ecosystem
Faurecia invests significantly in innovation and has developed a strong ecosystem to accelerate the integration of new competences and time-to-market.

Total Customer Satisfaction driven by operational excellence
Our operational efficiency and resilience are driven by established systems and processes across the value chain and are accelerated by our digital transformation.

A strong culture based on Convictions and Values
Our Convictions and Values underpin our culture and drive our actions for employee engagement, ethical business conduct and respect for the planet.
Faurecia’s approach to sustainability is an integral part of our corporate culture. Our Convictions and Values reflect our ambition to have a positive impact on society and to curb the effects of climate change.

Faurecia has identified six Convictions for sustainable development and is deploying transversal initiatives with defined and measurable improvement indicators for the planet, our business and our people.

As the world continues to face profound uncertainty and volatility, our belief that companies must have a positive impact on society and work to support future generations is strengthened. Our sustainability approach is the reflection of that ambition. Faurecia supports the United Nations SDG program and in 2019 identified the 11 United Nations Sustainable Development Goals to which it is making a contribution.

→ Sustainable development fully integrated into Faurecia’s strategy and culture

Faurecia contributes to the Sustainable Development Goals through its approach “inspired to care”

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

See Chapter 4 Extra-Financial Performance of the Universal Registration Document.
Our business model for value creation

Resources

Strategy & operational model

- **People**
  - 114,000 employees: 103 nationalities in 35 countries
  - 5 Faurecia University campuses
  - 79,000 employees connected to e-learning portal, including 45,000 operators connected in 2020

- **Business**
  - €1,187m gross R&D expenditure
  - Global innovation ecosystem
  - 219 programs launched in 23 countries and 145 plants

- **Planet**
  - €13.5m invested in environmental protection
  - 79% ISO 14001 certified sites

inspiring mobility

2 priorities

- **Cockpit of the Future**
  - Solutions for a connected, personalized and predictive Cockpit

- **Sustainable Mobility**
  - Solutions for ultra-low and zero emissions mobility

4 Business Groups

- Seating
- Interiors
- Clarion Electronics
- Clean mobility

Ambition

CO₂ neutral by 2030
Value created for stakeholders

2020 REVENUES
€14,654m

Employees’ salaries & social charges
€3,480m 23.8%

Dividend paid to minority interests
€35m 0.2%

Banks finance costs
€186m 1.3%

States / communities taxes
€179m 1.2%

Suppliers purchases & other external costs
€10,191m 69.5%

Ability to finance future growth
€479m 3.3%

Investments in fixed assets
€1,187m 8.1%

Gross R&D expenditure
€345m 2.4%

Investments in acquisitions

PEOPLE
• 25.1% female M&Ps in 2020, up from 24.4% in 2019
• 19.2 hours training per employee in 2020
• FR1t 1.60 accidents in 2020 down by 22% vs 2019

BUSINESS
• 621 first patent filings in 2020
• 87% of Tier 1 suppliers CSR screened by Ecovadis
• Customer satisfaction: 4.2 stars out of 5
• 40 customer recognition awards

PLANET
• Energy consumption: 120MWh/€m sales of which 15% renewable energy
• Water consumption: 2.7 million m³ in 2020
• GHG emissions: 780,000 tons (scopes 1&2)
Cockpit of the Future

Personalized and connected on-board experiences
Faurecia’s vision for the Cockpit of the Future is to provide a more personalized, 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. The onboard journey will become an extension of today’s connected lifestyles as people shift seamlessly between driving, working, relaxing, and socializing. From its leading position in Seating and Interiors, Faurecia has undertaken a series of acquisitions and partnerships which give it a unique position in cockpit electronics, interior modules and systems architecture. In 2019 Faurecia created its fourth Business Group, Faurecia Clarion Electronics, providing the key software and electronics expertise to enable its vision of the Cockpit of the Future.

CONNECTED EXPERIENCES

During the 2020 CES in Las Vegas, Faurecia showcased a redesigned interior of a Ford-150, America’s best-selling vehicle, exploiting its full technology portfolio and integration expertise. It shows how scalable and upgradable solutions enable automakers and mobility providers to customize individual comfort, personalize onboard experiences and improve safety and user interactions.

ADVANCED SAFETY FOR ALL OCCUPANTS

To ensure that passengers are safe in all seated positions, features such as airbags or the seatbelt can be integrated directly into the seat. This technology called the Advanced Versatile Structure (AVS) allows occupants to drive, relax and work safely and efficiently. Smart kinematics effortlessly recline, lift, adjust and swivel the seat, and then return it smoothly and quickly back to the upright or driving position. ZF and Faurecia cooperate in a strategic partnership to develop innovative safety and interior solutions linked to different potential occupant positions.

A MULTI-SENSORY EXPERIENCE TO ENHANCE WELLNESS

Faurecia and its strategic partner Mahle work together to integrate and connect different interior and seating features to enhance the onboard experience. The focus has been on creating an individual thermal and comfort bubble that leaves a passenger feeling better at the end of their journey. The vehicle monitors real-time data from occupants to detect stress or fatigue for example and then offers multi-sensorial experiences to relax or refresh occupants. Over time, Artificial Intelligence and contextual analysis will enable the vehicle to anticipate user preferences.

Integrating SAS Interior Modules

In early 2020 Faurecia completed the acquisition of the remaining 50% of its joint venture with Continental and created the business line SAS Interior Modules. SAS is a leader in cockpit module assembly, logistics and Just-in-Time delivery. This acquisition brings Faurecia expertise in complex logistics and assembly and reinforces its systems integration offer to cover the full range of interior modules. SAS has strong growth potential in North America and China and has shown a very strong order intake in 2020.
Faurecia Clarion Electronics is structured around three key product lines: Cockpit Electronics, Displays Technologies and Advanced Driver Assistance Systems. These product lines provide the user experience for the Cockpit of the Future and intelligent solutions for a safer, more comfortable and more enjoyable driving environment, connecting people with information and services both inside and outside the vehicle.

**Cockpit Electronics:** Faurecia’s cockpit electronics offer provides a single system for multi-display management across the vehicle, as well as intuitive HMI systems such as Trenza and an onboard app store. Its cockpit monitoring systems based on sensor fusion and image processing will offer disruptive consumer experiences and advanced safety. Trenza’s customizable and intuitive user interface won a 2020 German innovation award in the Automotive Technologies category.

**Display Technologies:** Faurecia has acquired a strong optical bonding know-how through the acquisition of Covatech. Combined with its cockpit architecture, interior integration expertise and its global industrialization capabilities, Faurecia has a strong display technology offer, in particular for extra-large or complex shaped displays.

**Advanced Driver Assistance Systems:** Based on its expertise in image processing and sensor fusion, Faurecia has developed a strong offer for automated parking systems including valet parking, as well as vision systems including surround view and e-mirrors. Faurecia Clarion Electronics received the Japan Institute of Design Promotion’s (JDP) Good Design Award 2020 for two HD camera systems.

Clarion Electronics technologies
New technologies on the road in 2020

Faurecia Clarion Electronics has seen some exciting market launches in 2020, accelerated by its strategy of partnerships and targeted acquisitions.

Large and Complex Displays on the Road in China
In 2020 Faurecia achieved strong order intake for display technologies and also launched advanced displays in several vehicles in China. Production for display systems for GAC, FAW and Great Wall Motor (GWM) began in the second half of the year and were all revealed at the Beijing auto show. In total, Faurecia equips 300,000 vehicles a year in China with its display systems.

Optimized Screen Visibility Even in Bright Sunshine
IRYStec, a start-up acquired by Faurecia in 2020 revealed its world’s first software platform using perception and physiology to optimize the user experience of display systems inside the new Mercedes convertible E-Class. This technology provides much better perceived brightness and contrast even in very bright lighting conditions, giving a safer and more comfortable user experience.

An Android App Store at Your Fingertips in Brazil
Starting in July 2020, VW customers of vehicles such as the Nivus in Latin America were the first to have access to Faurecia Aptoide’s connected, updatable and personalized experiences. Faurecia Aptoide’s app store offers content curated for each market – rather than a one-size-fits-all approach – and can be fully adjusted to consumer preferences.

The 1.4m curved screen integrated into FAW’s Hongqi eHS9 is the largest available display in the automotive market, stretching across the dashboard and behind the steering wheel. Production is also under way for an L-shaped display for the Hycan 007, a new all-electric SUV model from GAC and NIO, and dual screens for GWM’s P01.

“Joining forces with Faurecia is a great milestone for IRYStec as it will allow the development of our core innovation solution for intelligent displays as part of a global leader in automotive technology. We are very impressed by Faurecia’s innovation roadmap and are looking forward to building the next generation of our products together aiming at unique cockpit user experiences.”

Tara Akhavan, Founder, IRYStec Software

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.
Sustainable Mobility

Solutions for ultra-low and zero emissions mobility
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 market segments from passenger vehicles to commercial vehicles and industry with energy efficient solutions. The Group is investing today to secure a sustainable world for future generations driven by zero-emissions mobility and in particular fuel cell technologies.

**INNOVATION FOR CLEANER AND QUIETER PASSENGER 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 20% by 2030.

The key technologies for fuel economy and emissions reduction that are already in production or will be by 2025 are the Electric Heated Catalyst solution which includes a pre-heating function than can ensure near zero emissions, and a combined Exhaust Gas Recirculation/Exhaust Heat Recovery System which can give over 3% in CO₂ savings.

Electrification also drives demand for ultra-quiet vehicles and Faurecia has an outstanding offer for reducing engine noise through advanced exhaust line architecture, electric valves and resonance-free pipes.

**SCALING UP TO TRUCKS AND INDUSTRIAL APPLICATIONS**

Faurecia is anticipating the rapid emissionization of all commercial vehicles, particularly in growing markets like China and India, where regulations are converging towards European and North American standards. Technologies such as Faurecia’s heated doser contribute to ultra-low NOx emissions by operating efficiently even at low temperatures and are compatible with current and future aftertreatment architectures.

In 2018, Faurecia acquired Hug Engineering, the European leader in complete exhaust gas purification systems for high horsepower engines for which stringent regulations are being implemented in all regions both for stationary and marine applications.
A COMMITMENT TO HYDROGEN AS THE ENERGY OF THE FUTURE
Expanding the use of hydrogen is a cornerstone of the energy transition. Green hydrogen could supply almost 20% of the world’s energy demand by 2050, and effectively eliminate six gigatons of CO₂ emissions every year. Its natural abundance and versatility of production can help solve several critical challenges, from lowering emissions to alleviating dependence on global supply chains and bolstering energy security. In mobility, hydrogen is perfectly suited to commercial vehicles, as well as high-horsepower engines, giving it the potential to transform transportation and logistics. Beyond the benefits in terms of refueling time and autonomy, the total cost of ownership of fuel cell electric vehicles is set to overtake that of equivalent battery electric vehicles between 2023 and 2030. By 2030, it is estimated that around two and a half million vehicles equipped with fuel cell technology will be on the roads. Of these, Faurecia estimates that around 500,000 will be commercial vehicles, and two million will be passenger and light commercial vehicles.

INVESTING IN THE FUTURE OF ZERO-EMISSIONS MOBILITY
With the ambition to be a world leader in hydrogen mobility, Faurecia has invested over €160 million in R&D, manufacturing, strategic partnerships and acquisitions over the past three years. The Group is now well-positioned on the two key elements of fuel cell systems which represent around 75% of the value chain. These are hydrogen storage systems and distribution services, which are developed in-house and fuel cell stacks and systems produced by Symbio, a joint venture with Michelin. Hydrogen mobility is a reality today, and Faurecia already has four contracts to equip light commercial and heavy-duty vehicles with fuel cell systems. In a first milestone for the off-road segment, Faurecia has also partnered with Gaussin to develop hydrogen storage systems adapted to their logistics and port vehicles.

THE DECADE OF HYDROGEN HAS BEGUN FOR ZERO EMISSIONS MOBILITY
Faced with the growing impact of climate change, harsher penalties for greenhouse gas emissions and the need to provide sustainable energy to a fast-growing global population, companies, governments, and civil society are all mobilizing to accelerate urgently-needed sustainability initiatives.

€17 BILLION
Fuel cell systems are set to represent a market of almost €17 billion by 2030, and Faurecia aims to be a market leader with above €3.5 billion euros of sales in 2030.
Gaussin and Faurecia partner to develop a fleet of zero-emission logistics vehicles

Faurecia develops hydrogen storage systems containing 5kg of hydrogen at 350 bars and with up to 12 hours of autonomy for Gaussin at its global center of expertise in Bavans, France. Delivery of these systems began in 2020 for two types of Gaussin vehicles: the ATM-H2, used for transport in logistics centers with a traction capacity of 38 tons and the APM-H2, suited to ports, with a towing capacity of up to 75 tons.

→ Symbio: a game changer for fuel cell stack systems

Bringing together the complementary strengths of Faurecia and Michelin, Symbio is well-positioned to become a catalyst for the large-scale adoption of hydrogen mobility. With its unique expertise and priority given to the establishment of automotive production standards, the company aims to become a world leader in hydrogen mobility. Symbio has been working for more than ten years on hydrogen technology and it has already equipped 30 vehicle fleets which have travelled more than four million kilometers. It aims to produce 200,000 StackPack® - its pre-validated and pre-integrated hydrogen systems - per year in 2030. In St Fons at the heart of the Hydrogen Valley in Lyon, construction is under way for the largest industrial facility dedicated to the production of fuel cell stacks in Europe.

→ Global center of expertise dedicated to hydrogen storage systems in Bavans, France

At its unique global center of expertise dedicated to hydrogen storage systems in Bavans, France, Faurecia has regrouped state-of-the-art equipment for R&D, industrial production, and safety tests under one roof. This allows the development of new production processes and integrated technologies such as IoT sensors to lower costs, improve maintenance and durability. By using innovative materials and improving recyclability Faurecia is also strengthening the circular economy and developing new after-sales business models.

A facility with more than 60 engineers and technicians able to:

- Design hydrogen storage systems and produce prototypes
- Test hydrogen storage systems using state-of-the-art equipment
- Develop new tank designs to increase their performance
- Develop new industrial processes to accelerate production
- Work on innovative materials and smart tanks with embedded IoT sensors
An ambitious roadmap for 2030
Climate change affects every single person and community on our planet, and everyone has a role to play in limiting its progression. Faurecia has an ambitious goal to become CO₂ neutral by 2030. Through this program Faurecia wants to both reduce our environmental impact and create long-term value across our entire supply chain.

Evaluating and rethinking the way we develop, procure, manufacture, distribute and dispose of products and moving towards a more circular economy will be key on the way to CO₂ neutrality.

Ambitious roadmap for CO₂ neutrality with a strong action plan in three stages:

- **By 2025**
  we will be CO₂ neutral for our internal emissions across all of our 300 sites. This will be achieved through using less energy and more renewable energy either purchased or produced on sites. To reach our goals, we partner with experts and invest in energy-efficiency projects at our production facilities.

- **By 2030**
  we want to be CO₂ neutral for our controlled emissions. This will be achieved through strong collaboration with our suppliers and the reorganization of our purchasing processes for low-carbon raw materials, in particular steel and plastics, product redesign and services such as transportation.

- **By 2050**
  we aim to be CO₂ neutral for our total emissions as the whole industry moves towards zero-emissions mobility and a circular economy.

Faurecia 2020 emissions (in kilo-tons CO₂ equivalent)
First, we are going to take care of our own activities and we want to make all of our 300 sites CO₂ neutral by 2025. By digitizing our energy systems in our plants and by operating our machines at the just necessary levels, we will save more than 15% of energy. Then, we will go for renewable electricity, meaning we will equip most of our plants with solar panels. For the rest, we will purchase renewable electricity, solar or wind, that will be produced offsite.

By 2030, we will also target our upstream and downstream activities. We will need to purchase new materials and services, and we need to rethink the design of our products in such a way as to minimize their CO₂ footprint. We will also need to manage the end-of-life of our products differently and we will go for a more circular economy: recycling, reusing, and extending our products’ life. Of course, we will also optimize our logistics, including the way of transporting our materials and our industrial footprint. We will target everything we do in the company. At the end, we will neutralize our residual footprint through CO₂ sequestration projects.

Our plan is ambitious but realistic. To achieve it, we have mobilized all the resources of Faurecia, together with our ecosystem of partners and the entire value chain, in particular our suppliers and our customers. We want to be a leader in this transformation, we want our industry to change. We will collectively act for that, today and every day.

"OUR PLAN IS AMBITIOUS BUT REALISTIC"

CO₂ neutral in production with Schneider Electric partnership

Faurecia has entered into a partnership with Schneider Electric to elaborate an action plan for 300 sites, to optimize energy sourcing and to use less energy and to emphasize clean energy. This will involve on-site renewable energy production and external renewable energy sourcing. The goal is to achieve fully decarbonized energy by 2025 and Faurecia will invest 70 million euros for energy savings.

“Working with Faurecia, we want to take bold actions to increase efficiency, to reduce carbon emissions, and to demonstrate common leadership in addressing climate change. Schneider Electric is especially pleased to support Faurecia, a leader in the automotive industry, on its ambitious journey towards CO₂ neutrality. The validation of Faurecia’s target by SBTi is a clear recognition of the work initiated.”

Jean-Pascal Tricoire
Chairman & Chief Executive Officer of Schneider Electric
As part of its ambition to reach CO₂ neutrality by 2030, Faurecia is investing in innovation to advance the sustainability of its products and industrial processes across all of its businesses. Innovation is a key contributor along the entire product lifecycle.

### SEAT FOR THE PLANET

Four principles guide the “Seat for the Planet” innovation program:

- Use sustainable materials including both natural and lower CO₂ materials as well as recycled and recyclable materials
- Optimize material use by using less and reducing waste in manufacturing
- Avoid mixed materials to facilitate recyclability
- Optimize the design of the entire seat system and each component for easy assembly and disassembly

-15% weight
-30% CO₂ by 2030

### INTERIORS FOR THE PLANET

Faurecia leads the industry in sustainable materials for automotive interiors with the aim of reducing the CO₂ footprint of materials used by 87% between now and 2030.

First launched in 2011, new generations of the NAFiLean® family, which incorporate natural fibers in non-visible plastic interiors components, offer significant reductions in weight (up to 41%) and CO₂ emissions (up to 108% - effectively rendering the product CO₂ negative). Faurecia has also developed the NFPP family using compression technology. These materials enable up to 50% weight reduction and can halve the CO₂ emissions associated with these products.

> €1bn sales in 2025 for sustainable materials

### Eco-design in our innovation and development project

- Faurecia is committed to developing and including more sustainable materials (recycled, recyclable, bio-sourced...) in its products and extend the life of materials to help reduce the CO₂ footprint of products. For each innovation and development project, eco-design, use of low-impact materials, substances of concern, manufacturing and end-of-life are evaluated using an eco-design checklist. The possibility of recycling end-of-life products is studied with a view to integrating the best solutions, ensuring reduced environmental impact and considering all utilization cycles at the design stage. Faurecia also participates in the eco-design working group under the auspices of the Verband der Automobilindustrie (VDA) and the Plateforme Automobile (PFA), which aims to stimulate dialogue and deepen knowledge on this topic for the automotive industry.
Acceleration through innovation and ecosystems

Faurecia has based its strategy of innovation on a strong ecosystem of partners to accelerate time to market and to integrate key competences for its systems for Sustainable Mobility and the Cockpit of the Future.

Technology partnerships with industrial companies such as ZF for the development of disruptive and differentiating safety technologies or Mahle to collaborate on technologies for the thermal management of the Cockpit of the Future.

Creating joint ventures to share investment and benefit from complementary expertise such as that with Michelin for fuel cell stacks or Aptoide for an onboard app store.

Working with, or acquiring, startups such as the acquisition of IRYStec enabling the personalization of the display according to the driver’s vision and the ambient light giving a safer and more comfortable user experience at a lower cost.

Partnering with academic institutions such as École Centrale de Nantes for composites, the Collège de France for polymers and fuel cell technologies, Technische Universität Dortmund for metals, Supelec-Esigelec for mechatronics and the Indian Institute for Science for sensors.

The Group has also developed key partnerships for its major initiatives such as that with Schneider Electric to accelerate its CO₂ Neutrality program. To accelerate its digital transformation the Group has partnerships with Accenture for Artificial Intelligence, Microsoft for its cloud strategy and GuardKnox for cybersecurity.

In addition, Faurecia plays a key role in associations and think tanks such as Movin’ON, the Hydrogen Council and the World Materials Forum for sustainable mobility.
In 2020, Faurecia renewed its innovation process to take account of recent trends and to be more collaborative across the Group and its ecosystem. All of the Group’s product lines now take into account in their innovation process new criteria such as data collection and utilization, sustainability and a systems approach as well as User Experience and HMI. The Group’s new innovation process should enable better selection of ideas, increased efficiency and reduced time to market.

- **User experience (UX)** is central to innovation activities. Teams integrate UX design conception tools and methodologies, analyzing needs and testing usability via simulation and prototypes to ensure that potential solutions address consumer pain points and enhance experience. This user-centric approach also enables Faurecia to explore new business models, for example through digital services.

- **Systems approach**
The Cockpit of the Future is increasingly intelligent and interactive. Taking a systems approach allows Faurecia to manage the complexity of software, hardware, electronics and mechanical components, taking into account how a technology should connect and interact with other functions within the vehicle interior.

- **Eco-design**
The innovation process includes a multi-dimensional approach to risk management. This integrates in particular an assessment of the environmental impact of an innovation including materials used, CO₂ impact in terms of production and usage as well as what happens at end-of-life.

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**Open Ecosystem Innovation challenge in India**

- In 2020 Faurecia India held an Advanced Open Innovation & Ecosystem Acceleration Program: NOVUS X.0 to support its innovation roadmap. Involving Faurecia employees as well as students from Technology Universities and Engineering Institutes, an online innovation challenge was held with pitch sessions judged by a panel of internal and external members. Ten ideas out of a total of 420 were selected for the Grand Finale “Mobility Innovation Summit and Producathon 2020” held in September. Faurecia offered winning students the opportunity to either join the Group for an internship or to finance the creation of their start-up as part of the “Business Angels” initiative.
Commitment and operational agility
The Group must be able to rely on the best teams around the world to maintain a competitive advantage through operational efficiency, anticipating the next trends, remaining agile, and investing in innovation. Engaging all Faurecians in the company’s performance and transformation and preparing them for changing technologies and working practices is at the heart of Faurecia’s culture.

Employee health & safety has always been the number one priority of the Group and this has never been truer than during the COVID-19 pandemic. The Group also successfully managed the switch to 100% online training and communication to ensure employees had access to the information and resources they needed in extremely difficult circumstances.

Other key initiatives were pursued during the year to support the deployment of the Group’s Convictions and Values. These included a renewed focus on developing employment opportunities for students and young graduates, continuing to develop an inclusive and diverse culture and accelerating initiatives to support local communities.

These efforts were recognized through a significant improvement in the engagement survey of all employees, both operators and managers and professionals with an average score reaching 76%, up from 64% the previous year.
EMPLOYEE HEALTH & SAFETY
OUR NUMBER ONE PRIORITY

From the beginning of the pandemic in China, Faurecia developed a Safer Together protocol to protect all its employees and enable the safe restart of production. This protocol, which was audited regularly to ensure compliance, involved the full range of measures necessary to avoid any contamination in our sites. The protocol was recognized by many local authorities as being best-in-class and was shared with suppliers and other partners to support them.

The Group moved quickly to become self-sufficient in mask production, with two sites producing surgical masks in Mexico and in France. This enabled additional masks to be provided to employees for their personal and family use, as well as to distribute in their local communities. This was often accompanied by educational and awareness initiatives to encourage adherence to safety protocols also in the family environment.

Given the difficult working conditions, the Group also renewed its emphasis on occupational safety, which is at the heart of the Faurecia Excellence System. The 7 Safety Fundamentals - a set of practical and simple rules to be respected by all employees - have been the subject of regular awareness-raising campaigns as part of the CARE (Compliance, Attitude, Risk Mitigation, Everyone’s Engagement) Group program.

RAPID SWITCH TO DIGITAL LEARNING AND COMMUNICATION

As lock downs were imposed throughout the world, the Group reacted quickly and efficiently thanks to the digital transformation already underway in the workplace. Through the Group’s Learning Lab, accessible to all employees including operators, over 50,000 people were trained on the new safety protocol before returning to work. A full program of training and communication was deployed during the lockdown to ensure that managers could adapt to managing remote teams and were up-to-date with the company’s situation and priorities.

Traditional learning and communications events were also successfully switched online in order to maintain the Group’s commitment to employee development and engagement. These include Faurecia University’s traditional management training programs, as well as new offers such as mindfulness programs that were developed to support the very particular circumstances of the year. To ensure that all managers were fully aligned with the Group’s priorities and outlooks, a series of nine “Live Events” were held to share leadership interviews and to answer questions from over 6,000 managers around the world.

STRONG IMPROVEMENT IN EMPLOYEE ENGAGEMENT

The Group carried out a 100% online employee engagement survey to which a record 73,580 employees replied. Globally we saw a very strong improvement of +12 points from 2019 to 76%. This puts Faurecia above the global benchmark with scores in 90% of countries above the country benchmark and improving versus 2019. Particularly encouraging during this year of pandemic was the fact that the safety index was up 9 points to 87% and 87% of managers and professionals were confident in the Group’s ability to recover from the crisis.
F
aurecia is convinced diversity in the workforce regarding gender, place of origin, culture, educational background, experience or any other difference is a source of strength for the Group.

A particular focus is placed on gender diversity, which is included as a criterion in the Group’s leadership long-term variable compensation. During the year a training program for unconscious bias was deployed and a strong emphasis was made on development plans for women. Two of Faurecia’s senior managers were recognized by Automotive News during the year as leaders in the industry.

COMMITTED TO FUTURE GENERATIONS

Despite the crisis, as part of its contribution to supporting future generations, Faurecia committed to maintaining existing programs for apprentices, students and recent graduates.

Faurecia currently employs around 700 apprentices in France and is one of the main employers of the V.I.E. program (which allows recent graduates to work overseas for French companies for up to four years) with over 300 employees. In November Faurecia hosted its first fully digital recruitment fair with nearly 300 job offers open to students from over 60 universities in France and across Europe. Over 1,600 participants joined CV workshops and sessions hosted by employees from a range of divisions to find out more about the many career paths available in the automotive industry.

33%
The share of female managers & professionals recruited in 2020.

In 2020 Faurecia signed the UN Global Women’s empowerment principles and is committed to promoting gender equality and women’s empowerment in the workplace.

TOP EMPLOYER & HAPPYINDEX®/TRAINEES

Faurecia once again received “Top Employer” certification for 9 countries and 1 region, recognizing the Group’s continuous efforts to improve the working environment of its employees. The Group also received the “HappyIndex®/Trainees” certification which valorizes companies taking good care of the reception, support and management of their trainees, work-study trainees and V.I.E.
Positive impact on society

The Group aims to strengthen its commitment to local communities by initiating or contributing to projects and programs that address local needs. During the pandemic, many sites chose to support their local communities through the donation of masks and other protective equipment.

The FUELS program continued to show strong success: in just 30 days, Faurecians from North America provided more than 748,700 meals, whilst in Augsburg, Germany, 60 employees volunteered at a local children’s center. In China, Faurecia held its annual “Volunteer Month” where more than 1,000 employees from 20 sites and 11 cities joined the “Backpack-on-the-Go” activities with their families, winning 1,000 schoolbags for needy children. Sites were also active in raising funds and organizing donations campaigns for children living in remote areas.

CARING IN OUR COMMUNITIES

In 2020, the Group officially launched the Faurecia Foundation, supporting employee projects in their local communities in the fields of education, mobility and the environment. Through the Foundation, employees are invited to submit their ideas once a year for projects that have a concrete social impact.

In 2020, the Foundation selected three employee programs in Mexico, India and Morocco from over 300 initiatives submitted:

- **Improving education for girls in India**
  Faurecia volunteers will support two girls’ schools located in the Pune area with the provision of basic equipment ranging from books and pens to uniforms and bicycles, while contributing to the renovation of one of the schools’ buildings.

- **Bikes to school in Morocco**
  Children living in 15 remote villages around Azilal city will get 100 bikes, helmets and necessary equipment to go safely and autonomously to school every day.

- **Reforestation in Mexico**
  This social business initiative supports reforestation in Puebla, Mexico while helping a children’s charity get regular funding through the creation of a greenhouse of oaks on its unused land.

The Foundation supported three COVID-19 initiatives in local communities including the donation of masks and gowns to hospitals in Wuhan (China) and the donation of 100,000 masks to a hospital in Colmar (France) as well support for two French charitable initiatives.
Faurecia’s global approach to Total Customer Satisfaction is a key enabler of the Group’s transformation and drives our operational excellence and resilience.

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. Beyond the traditional quality metrics, customer feedback is now collected immediately and transparently via a dedicated Customer Satisfaction digital application. This approach is now fully embedded in the relationship between Faurecia and its clients as well as an integral part of Faurecia’s culture. The app is now used by 1,000 customers and the Group has received to date almost 1,700 feedbacks giving an average of 4.2 stars for the year.

In order to maintain a strong focus on quality during the extremely rapid ramp-up and difficult conditions of the second half, the Group dedicated its 2020 World Quality Week to communications, learning and competitions across the globe to anchor Total Customer Satisfaction in all functions. Activities kicked off with a groupwide live event gathering over 1,300 attendees and closed with an internal challenge aiming at recognizing the best customer initiatives.
As a confirmed strategic partner of many of its major customers, Faurecia received 40 customer recognition awards in 2020 for global performance, manufacturing excellence, cost savings and innovation.

In particular, the Group was awarded a General Motors Supplier of the Year Award, a Ford World Excellence Award and a Cummins COVID-19 outstanding supplier award.

By the end of 2020, the Group’s three-year rolling order intake represented €72 billion of sales: a new record for the Group despite the COVID-19 crisis. Key business awards won in 2020 demonstrate Faurecia’s commercial momentum, such as Seating Division’s successes with the Daimler E-Class and VW Transporter for complete seats.

For premium interiors, Faurecia was awarded the instrument panel businesses for the Audi Q5 and door panels for a GM platform covering different Chevrolet, Buick and Cadillac vehicles. Clean Mobility will equip the VW Audi D-segment platform as well as Stellantis C & D segment platforms. SAS Interior Modules won several major cockpit assembly awards for the Skoda Fabia and the Mercedes Vito. All Business Groups secured a strong intake of awards in North America, especially with GM. Faurecia Clarion Electronics achieved a record order intake of €2.5 billion in 2020. Faurecia also performed particularly well with Electric Vehicles and won Interiors, cockpit assembly and Seating businesses with a leading electric vehicle player in China, North America and Europe.

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RESILIENT & STRONGER TOGETHER: WORKING CLOSELY WITH SUPPLIERS

“Convinced that a safe restart of production could only happen if the entire supply chain was ready, we held two web conferences with more than 1,000 suppliers. This was very much appreciated by our suppliers for our transparency in sharing production levels, measures to support supplier liquidity, and the “Safer Together” protocol put in place for the safety and protection of employees.

We have also been working with all our suppliers to assess resilience across the supply chain, identifying risks, including financial ones. We have developed a strong sense of solidarity in this common experience.

If anything, the crisis we are facing will strengthen our purchasing strategy and help accelerate its deployment especially for risk management, innovation and CSR. While sustainability was already key to Faurecia’s purchasing strategy, our CO2 Neutral and CSR objectives are more pertinent than ever before.”

Nathalie Saint-Martin
Group Purchasing Vice-President
In 2017, Faurecia started its digital manufacturing transformation with the objective to boost its competitiveness and generate leading-edge performance. In nearly four years, this key digital transformation has generated more than 200 million euros of full year savings. In combination with automation tools, the deployment of new digital solutions across production processes and the supply chain has led to a breakthrough in the assembly and handling of products. At the end of 2020, over 850 smart robots (collaborative robots, visual guided robots, etc.) and over 1,100 self-handling devices (AGVs or “Automated Guided Vehicles”) had been installed at Faurecia production sites. The Digital Management Control tool (DMC) has confirmed its significant potential in simplifying the collection and assessment of production data while making shop floors paperless. Fully operational in one plant out of four, DMC will be rapidly expanded in 2021. On a more global level, the digitalization of the manufacturing system has also moved a step further with the launch of a Digital Pull System (automatic production launch signal) which reinforces the monitoring of plant operational performance.

TOWARDS THE FACTORY OF THE FUTURE

To maximize the value and potential of all these new digital solutions, Faurecia has formalized its “One Digital Production System” strategy, thus laying the foundations of its Factory of the Future. Through its “model plant” approach implemented in 2020, the Group has defined its digital manufacturing standards and toolbox which, once fully tested and validated in three pilot plants, will be rolled out across the industrial footprint in an agile mode. The objective is to have 100 digital model plants by 2023. These new systems obviously require new job profiles. In 2021, 770 new positions will be created of which 550 will be filled from internal resources. The newly created Digital Academy will support the reskilling and upskilling via specific training modules focused on machine connectivity, robot programming, industrial software usage and data analysis.

> Digital transformation across the Group for agility and efficiency

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### In action

#### QUALITY & DATA ANALYSIS
- 170 WORK STATIONS
- LIGHT GUIDE SYSTEMS
- ~30 AI VI LINES
- AI
  - IAct - ePump - WeldWarrior - etc

#### MANUFACTURING EXECUTION SYSTEMS
- 160 PLANTS MAINTENANCE MOBILITY
- 115 DMC IN PLANTS
- 80 PLANTS WITH RFID/2D BAR CODES
- 8 PLANTS DIGITAL PULL SYSTEM

#### SMART AUTOMATION
- +850 SMART ROBOTS
- +1,100 AGV

>200 PLANTS INVOLVED
→ Data and Artificial Intelligence to accelerate the digital transformation and enable new business models

“Faurecia’s digital transformation uses an Internet of Things (IoT) approach to optimize industrial efficiency and applies Artificial Intelligence to develop new solutions for the Cockpit of the Future. The development of large-scale data capture and analysis systems will further increase agility in plant management, improve predictive maintenance and drive improved efficiency in industrial processes. The Digital Services Factory, located in France and India, is developing Faurecia’s AI systems and deploying industrial solutions progressively across sites and different functions, as well as AI-powered solutions for the Cockpit of the Future. Initiated in 2017 with Accenture, Faurecia has now strengthened its in-house competencies, with more than 100 data specialists enabling the Group to reinforce its industry 4.0 strategy and its Cockpit of the Future digital product offer.”

Gregoire Ferré
Cockpit of the Future & Digital Services Factory
Senior Vice-President

WELD WARRIOR FOR AI-IMPROVED QUALITY IN LASER WELDING

Using Artificial Intelligence for predictive maintenance ensures that non-compliant processes are detected more rapidly, strengthening response and repair times in case of machine breakdown. The Weld Warrior solution, which has been installed on over 40 laser welding machines in Seating sites worldwide, is a fully automated process inspection system that uses sensors to assess stability and alerts plant management to non-compliance. Economies of scale and richer and more effective data sets for Artificial Intelligence systems will be achieved by applying this technology on a larger scale across Faurecia’s sites.

ARTIFICIAL INTELLIGENCE FOR VISUAL INSPECTION

Using Artificial Intelligence Visual Inspection (AIVI) to automate visual inspection and improve quality, operators on production lines are notified of flaws and non-compliance in products at the micrometer level. Currently in use for the inspection of seat covers and decoration parts as well as component checks and welding in the Clean Mobility Business Group, the expansion of this application across more product lines will enable the Group to further its lean manufacturing strategy.

DIGITAL TECHNOLOGY TO SUPPORT WORKSTATION ERGONOMY

Artificial Intelligence-powered software is also used to identify the optimal balance between ergonomics and time efficiency thus helping optimize industrial processes and minimize the health risk to operators. Through Ergonomy-Time Artificial Intelligence (ETAI), plant management can determine the most effective and efficient processes at a workstation or across an assembly line, supported by automated data collection from Kaizen workshops. The KIMEA software developed by Moovency (a startup acquired by the Group in 2020) offers real-time 3D skeleton tracking to improve operators’ posture and movements at their workstations and help reduce the onset of musculoskeletal issues over time.

AI FOR THE COCKPIT OF THE FUTURE

The Group is also developing AI-based solutions for the connected, predictive and personalized Cockpit of the Future. Occupant monitoring and dynamic profiling systems support a range of features, including safety solutions (drowsiness detection), personalized and predictive comfort, well-being and infotainment, and driver assistance systems. These all rely on powerful data capture and analysis to understand vehicle occupants use cases and trigger the appropriate and personalized responses from integrated hardware and software.
Faurecia has two governance bodies, the Board of Directors and the Executive Committee, responsible for deciding and implementing the Group’s strategy.
Message from Michel de Rosen, Chairman of the Board

Thank you! On behalf of the Board of Directors, I thank Faurecia's management and employees for their unfailing commitment during this extremely difficult year. Faurecia and its management team reacted at the first signs of the crisis, implementing a series of measures to protect employees, ensure the Group's liquidity and, during the second half of the year, manage a very rapid ramp-up of production while remaining vigilant to the evolution of the pandemic. The Board of Directors actively supported management during this period. We significantly increased the number of meetings held. We paid specific attention to the initiatives focused on the health of all employees and to the impact of COVID-19 on the Group's financial performance, and reviewed crisis management processes. We are all proud of the way Faurecia is dealing with the crisis with determination, agility and confidence in the future. Despite the situation, Faurecia continued to deploy its business and transformation strategy. The acquisition of SAS Interiors Modules, the turnaround of Faurecia Clarion Electronics, and our hydrogen and CO₂ neutrality initiatives are excellent examples of a resolute, well thought-out and well-implemented strategy. This strategy is fully supported by the Board. We particularly appreciated learning more about the Clarion Electronics product lines during a technology session held at its Paris R&D center.

The Annual Shareholders' Meeting, which regrettably had to be a virtual event, renewed the Board membership of Odile Desforges, Linda Hasenfratz and Olivia Larmaraud for a further period of four years. My term as Chairman of the Board was also renewed for the same duration.

As we enter 2021, Faurecia looks forward to an important stage in its development as it becomes independent from its main shareholder, Stellantis. This will give the Group more visibility on capital markets and an increased free float, as well as a renewed Board of Directors. I warmly thank the PSA Group for its continuous and solid support throughout the years. I also thank Olivia Larmaraud, Grégoire Olivier and Philippe de Rovira, who resigned at the beginning of 2021 from their functions as Board Members. They served Faurecia well. At its meeting in February 2021, the Board co-opted Jean-Bernard Lévy as Board Member and Chairman of the Governance, Nominations and Sustainability Committee. With this appointment, we now have a much more independent Board. Faurecia's independence is a normal and positive development and will allow the Group to affirm its strategy.

The Board of Directors lends its full support to the Chief Executive Officer, the Executive Committee and all of the Faurecia teams. I thank the members of the Board, our shareholders, the management teams and the employees of Faurecia for their strong commitment and successful performance in 2020. Let's make 2021 a great year for Faurecia's customers, shareholders and employees!
An active and committed Board of Directors

The Board of Directors oversees Faurecia’s business, financial and economic strategies. This 13-member body at date of the document, including 9 independent Board members and 2 Board members representing employees, meets at least four times a year. Three permanent Committees are tasked with the preparation of discussions on specific topics: the Audit Committee, the Governance, Nominations and Sustainability Committee and the Compensation Committee. They make proposals and recommendations and give advice in their fields of expertise.
### THE BOARD COMMITTEE

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<th><strong>7</strong></th>
<th><strong>46%</strong></th>
<th><strong>62</strong></th>
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<td>Nationalities</td>
<td>Female Board Members</td>
<td>Years and 2 Months Average Age</td>
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<th><strong>82%</strong></th>
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<td>Independent Board Members</td>
<td>Board Members Representing Employees</td>
<td>Years and 4 Months Average Tenure</td>
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<th><strong>10</strong></th>
<th><strong>98%</strong></th>
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<td>Board Meetings</td>
<td>Attendance Rate at Board Meetings</td>
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(1) Excluding employee representatives.
(2) Figures for full year 2020.

### THE COMMITTEES

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<th><strong>17</strong></th>
<th><strong>99%</strong></th>
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<td>Committee Meetings</td>
<td>Attendance Rate at Committee Meetings</td>
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- **Audit Committee**
  - 3 members
  - Chair: Odile Desforges

- **Governance, Nominations and Sustainability Committee**
  - 4 members
  - Chair: Jean-Bernard Lévy

- **Compensation Committee**
  - 4 members
  - Chair: Linda Hasenfratz

### EXPERTISE AT THE SERVICE OF STRATEGY

With their diverse backgrounds, experience and skills, Faurecia’s Board members offer the Group their expertise and support in defining its strategy and tackling the challenges that it faces within the context of the Group’s transformation.

- Experience in Faurecia’s core businesses
- Automotive technologies
- International experience
- Banking/Finance
- Risk management
- Experience in an industrial company
- CSR
- Data based technologies/digital
- Leadership & crisis management
- Energy/Electrification
- Specific knowledge of a geographic market
- Governance/Management of large companies
- Specific knowledge of a geographic market
Faurecia’s executive functions are performed by an Executive Committee that meets at least once a month to review the Group’s results and oversee 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.

A diverse and international Executive Committee

50% NON FRENCH

14% FEMALE

54 YEARS AVERAGE AGE

12 YEARS AVERAGE GROUP SENIORITY

6 BUSINESS AND REGION EVPS

7 SUPPORT FUNCTIONS EVPS
Compensation of the Chief Executive Officer & the Group’s Operational Management

<table>
<thead>
<tr>
<th>CEO</th>
<th>ANNUAL FIXED COMPENSATION</th>
<th>ANNUAL SHORT TERM COMPENSATION (at target)</th>
<th>LONG TERM VARIABLE COMPENSATION (Performance shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Results / performance and transformation of the Group</td>
<td>80% Quantitative criteria (financial)</td>
<td>Submitted to presence and performance conditions:</td>
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<tr>
<td></td>
<td></td>
<td>20% Qualitative criteria (individual) (including deployment of CO₂ neutrality and gender diversity projects for the CEO)</td>
<td>• Internal conditions net income</td>
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<td></td>
<td></td>
<td></td>
<td>• Internal condition gender diversity</td>
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<td></td>
<td></td>
<td></td>
<td>• External condition EPS</td>
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<td>Top 100 (Excom + 1st line BG)</td>
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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.

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.

**RISK**
Identify, access, mitigate, monitor all risks

**FINANCIAL & OPERATIONAL RISKS**
Internal Control
Control compliance with all internal rules

**ETHICS & COMPLIANCE RISKS**
Compliance
Define and control business ethics & internal rules

**EXTRA-FINANCIAL RISKS**
CSR
Assess and manage extra financial topics

**ENVIRONMENTAL & SAFETY RISKS**
Environment & Safety
Define and control HSE rules

**CSR**
Pilot extra-financial performance and review

**BOARD OF DIRECTORS**
- **Board of Directors**
  - Yearly review of Risk Management process and top risks
- **Audit Committee**
  - Yearly presentation of Risk Management process and top risks
  - Quarterly review of a specific Tier-1 risk

**MANAGEMENT**
- **Executive Committee**
  - Monthly Committee with ad hoc review on specific risks
- **Risk Committee**
  - Quarterly Committee with review of Tier-1 and Tier-2 risks
- **Other Committees** (CSR, Internal Control, Compliance)
  - On a regular basis to review relevant risks
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 those risks. They are detailed in Chapter 2 of the Registration Document (“Risk factors and management”).

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>RISKS</th>
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</thead>
<tbody>
<tr>
<td><strong>Operational and industrial risks</strong></td>
<td>Continuity and security of information systems</td>
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<tr>
<td></td>
<td>Climate Transition [CSR]</td>
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<td></td>
<td>Risk associated with the automotive supplier business</td>
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<td></td>
<td>External growth</td>
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<td>Program management</td>
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<td></td>
<td>Product safety and quality [CSR]</td>
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<tr>
<td></td>
<td>Pandemic</td>
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<td></td>
<td>Industrial site loss</td>
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<td></td>
<td>Supplier failure</td>
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<tr>
<td></td>
<td>Safety at work [CSR]</td>
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<tr>
<td></td>
<td>Sites’ environmental impact and climate change [CSR]</td>
</tr>
<tr>
<td></td>
<td>Talent acquisition and retention [CSR]</td>
</tr>
<tr>
<td><strong>Financial risks</strong></td>
<td>Liquidity risk</td>
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<td></td>
<td>Interest rate risk</td>
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<td></td>
<td>Currency risk</td>
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<td>Risk related to raw materials</td>
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<td></td>
<td>Customer credit risk</td>
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<td><strong>Legal, regulatory and reputational risks</strong></td>
<td>Regulatory development</td>
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<td></td>
<td>Litigation</td>
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<td></td>
<td>Responsible purchasing policy [CSR]</td>
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<tr>
<td></td>
<td>Intellectual property [CSR]</td>
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<td></td>
<td>Business ethics [CSR]</td>
</tr>
</tbody>
</table>

BUILDING A HIGH STANDARD OF COMPLIANCE WITHIN OUR GROUP AND IN RELATIONSHIPS WITH OUR STAKEHOLDERS IS A TOP PRIORITY

Faurecia’s leaders are committed to driving a culture of integrity everywhere the Group operates, supported by robust compliance processes. That culture is embodied in Faurecia’s 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, skills development, ethics and rules of conduct. It is part of the Faurecia Core Procedures and aims to develop accountability and employee empowerment.

In order to maintain a strong ethics and compliance culture, Group compliance implemented different training sessions accessible to all Faurecians (including part-time employees, interns, consultants etc.). These trainings are Faurecia specific and include the risks that may face targeted population.

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.

Functions who operate a second line of defense regularly control Faurecia’s corruption risks (pre- and/or post-acquisition assessment by compliance and legal, corruption accounting controls by compliance, internal control and country chief finance officers). In addition, Group internal audit annually leads special missions related to the effectiveness and the efficiency of Faurecia’s corruption program. These missions include an audit of a random sample of transactions selected by the auditors.

Faurecia communicates regularly on its ethics culture and related rules to make sure all its business partners know the rules and are committed to respecting high standards of ethics and compliance in order to support the Group to carry out its business activities across the value chain.

GOVERNANCE

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

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

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

If someone feels that the rules are not respected, a behavior is not in compliance with Faurecia’s ethical standards or a situation at risk regarding certain regulations, then this 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 counterbalance” and aims to ensure that all employees can report a violation without fear of consequence. Faurecia has zero tolerance for non-compliance and encourages everyone, every time, everywhere to feel free to report issues without fear of retaliation.

All Faurecians and external third parties with whom Faurecia collaborates are encouraged to raise concerns or report violations of Faurecia’s internal policies and processes and applicable laws via the Speak Up Line: www.faurecia.ethicspoint.com.

Group Compliance widely communicates about the Speak Up process through internal communications, procedures and different trainings to help the Compliance team ensure the effectiveness of the Speak Up process. All alerts are received only by the Chief Compliance Officer and the Group General Counsel. They ensure, with the Regional Compliance officers, the legal protection of the whistleblower when needed. Faurecia’s alert system is accessible to any individuals or entities (Faurecian and external third parties) who want to raise a concern.

CULTURE

No compromise with Ethics & Compliance, even in a more challenging market context
- Fundamentals for Total Customer Satisfaction
- Consistent with Faurecia’s Convictions

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

- Anti-trust prevention
- Corruption prevention
- Intellectual property protection
- Export controls
- Conflict minerals
- Accounting rules protection
- Conflict of interest management
- Fraud prevention
- Human rights protection
- Suppliers selection

VALUE CREATION

Duty of care
FCPA
Sapin 2 regulation
UK Bribery Act