



2016
REGISTRATION DOCUMENT

·Faurecia
inspiring mobility

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Technical perfection, automotive passion

Faurecia
inspiring mobility

Registration document 2016

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

This Registration Document, including the annual financial report, was filed with the Autorité des Marchés Financiers (AMF) on April 24, 2017 pursuant to Article 212-13 of the General Regulation of the AMF. It may be used in connection with a financial transaction if accompanied by a memorandum approved by the AMF. This document has been prepared by the issuer under the responsibility of its signatories.

The English language version of this Registration Document is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions expressed therein the original language version of the document in French takes precedence over this translation



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Introduction to Faurecia

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	BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND STATUTORY AUDITORS 4	KEY FIGURES	5
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Board of Directors, Executive Committee and Statutory Auditors

Board of Directors ⁽¹⁾ (as of December 31, 2016)

Chairman of the Board of Directors ⁽²⁾

Yann Delabrière ⁽³⁾

Board members

Éric Bourdais de Charbonnière
Jean-Baptiste Chasseloup de Chatillon ⁽⁴⁾
Jean-Pierre Clamadieu ⁽⁴⁾
Odile Desforges
Lee Gardner ⁽⁵⁾
Hans-Georg Härtter
Linda Hasenfratz
Olivia Larmaraud
Ross McInnes ⁽³⁾
Amparo Moraleda ⁽⁴⁾
Robert Peugeot ⁽⁴⁾
Michel de Rosen ⁽⁶⁾
Bernadette Spinoy
Carlos Tavares

Executive Management ⁽²⁾

Patrick Koller ⁽⁴⁾

Statutory Auditors

Members of the Versailles Regional Association of Statutory Auditors

ERNST & YOUNG Audit

Represented by Valérie Quint
Tour First
TSA 14444
92037 Paris-La Défense Cedex
France

PricewaterhouseCoopers Audit

Represented by Éric Bertier
63, rue de Villiers
92208 Neuilly-sur-Seine
France

Executive Committee (as of December 31, 2016)

Patrick Koller
Chief Executive Officer

Michel Favre
Executive Vice-President, Group Chief Financial Officer

Hervé Guyot
Executive Vice-President, Group Strategy

Kate Philipps
Executive Vice-President, Group Communications

Jean-Michel Renaudie
Executive Vice-President, Faurecia Interiors

Christophe Schmitt
Executive Vice-President, Faurecia Clean Mobility

Jean-Pierre Sounillac
Executive Vice-President, Group Human Resources

Mark Stidham
Executive Vice-President, Faurecia North America

Eelco Spoelder
Executive Vice-President, in charge of Group Operations

Jean-Michel Vallin
Executive Vice-President, Faurecia China

Hagen Wiesner
Executive Vice-President, Faurecia Seating

(1) Corporate governance is dealt with in Chapter 9 of this Registration Document.

(2) On April 13, 2016, the Board of Directors of Faurecia decided to separate the functions of Chairman and Chief Executive Officer, which until then had been shouldered by Mr. Yann Delabrière. Since July 1, 2016, Mr. Yann Delabrière serves as Chairman of the Board of Directors and Mr. Patrick Koller serves as Chief Executive Officer.

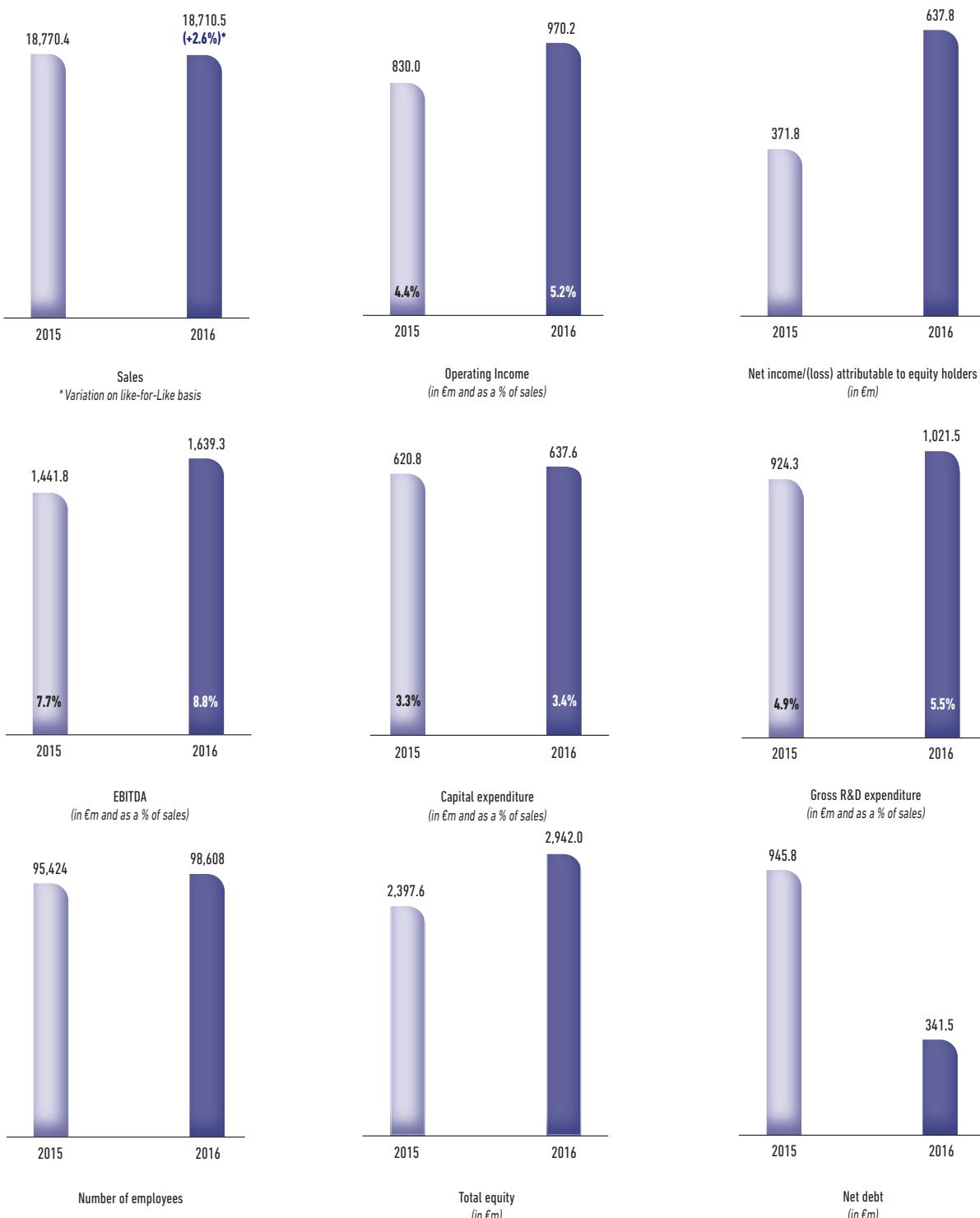
(3) The terms of office of Messrs. Yann Delabrière and Ross McInnes will expire at the end of the General Meeting of May 30, 2017.

(4) The reappointment of Mrs. Amparo Moraleda and Messrs. Jean-Baptiste Chasseloup de Chatillon, Jean-Pierre Clamadieu and Robert Peugeot will be submitted at the General Meeting of May 30, 2017, and the appointment of Mr. Patrick Koller as a Board member of Faurecia will be submitted to the shareholders during said meeting.

(5) During the Board of Directors meeting of April 11, 2017, Mr. Lee Gardner informed of his decision to resign as a Board member at the outcome of this very same meeting.

(6) On April 11, 2017, the Board of Directors of Faurecia has decided to appoint Mr. Michel de Rosen as Chairman of the Board of Directors, with effect after the General Meeting of May 30, 2017.

Key figures



(1) Definition in Note 4.1 to the consolidated financial statements.

(2) Operating income before provisions and amortizations of non-current assets (see chapter 10.3 consolidated cash flow statement.)

(3) Gross cost before capitalized development costs and amounts billed to customers (see note 5.4 to the consolidated financial statements).

(4) Number of employees excluding the activity Automotive Exteriors sold.

(5) Definition in note 26.1 to the consolidated financial statements.



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2016 business review

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In accordance with Article 28 of European Commission Regulation No. 809/2004, the following information is incorporated by reference in this Registration Document:

- the consolidated financial statements, the annual financial statements, the corresponding Statutory Auditors' Reports, the comments on the consolidated financial statements and significant events of the year by Business Group, set out respectively on pages 155 to 224, 230 to 251, 225 and 226, 252 and 253, and 8 to 20 of the 2015 Registration Document filed with the AMF on April 21, 2016 under number D. 16.0374;
- the consolidated financial statements, the annual financial statements, the corresponding Statutory Auditors' Reports, the comments on the consolidated financial statements and significant events of the year by Business Group, set out respectively on pages 141 to 208, 214 to 237, 209 and 210, 238 and 239, and 8 to 18 of the 2014 Registration Document filed with the AMF on April 22, 2015 under number D. 15.0388.

This section provides a description of Faurecia's activities and results in 2016. All information concerning market positions is based on estimates made by Faurecia on the basis of information contained in the annual reports of the various actors of the market, industry publications and other market research.



2.1. The Faurecia group

2.1.1. DESCRIPTION OF THE GROUP'S ACTIVITIES

The Faurecia group is a global leader in automotive equipment. It develops, manufactures and markets original equipment through three main Business Groups: Faurecia Seating (formerly Faurecia Automotive Seating), Faurecia Clean Mobility (formerly Faurecia Emission Control Technologies) and Faurecia Interiors (formerly Faurecia Interior Systems). The Automotive Exteriors business was sold on July 29, 2016 to Plastic Omnium.

Faurecia's offer focuses on two main areas:

- sustainable mobility, requiring in particular weight reduction and emission treatment, regardless of the vehicle type, while taking account of fundamental market changes in terms of power adjustment;
- intuitive in-car experience, associating the new interior architecture of vehicles, including the seats, with other things such as the human-machine commands and connectivity.

Faurecia designs and manufactures equipment that is generally specific to each car model or platform for new car models, and provides them to automakers throughout the anticipated life of the model or platform (usually between five and ten years).

The quality of Faurecia products is widely acknowledged among automakers. It is backed up by the Group's Faurecia Excellence System (FES), a rigorous set of project management procedures and methodologies that enables optimization of design and development programs (Program Management System), and

by the expertise of the Faurecia engineers and technicians who design products and develop technological solutions.

Faurecia boasts a broad geographic footprint, and is one of only a handful of players with the capacity to supply automakers' global programs. The Group estimates that at least a third of the vehicles in the world were originally equipped with at least one product manufactured by one of Faurecia's Business Groups.

As of December 31, 2016, Faurecia employed approximately 100,000 people in 34 countries, spread over 300 plants including 30 research and development centers.

Faurecia analyzes its sales mainly on the basis of value added sales (which correspond to sales excluding monoliths and reflect the real business).

The two main components of the value added sales are product sales (parts and components delivered to automakers) and sales of tooling, research and development, and prototypes.

In addition, the total sales of Faurecia Clean Mobility includes the sales of monoliths, i.e. the components used in catalytic converters in exhaust systems. Monoliths are directly managed by automakers. The Group purchases them from suppliers designated by them and invoices them to automakers on a pass-through basis. They accordingly generate no industrial value added.

2.1.2. CHANGES IN THE GROUP'S BUSINESS

Automotive production grew by 4.7% between 2015 and 2016. It grew in all regions of the world with the exception of South America. Thus, light vehicle production grew by 2.8% in Europe and by 2.0% in North America. It also grew in Asia, where production increased by 7.2%. Conversely, production fell by 10.0% in South America (source: IHS Automotive January 2017).

Following the Memorandum of Understanding signed in 2015 with Plastic Omnium, the Automotive Exteriors business was sold on July 29, 2016. However, the composite business (Faurecia Composite Technologies), the Faurecia plant for Smart

in Hambach (France) and two joint ventures in Brazil and China (those entities are consolidated by equity method) were not included in the MoU.

Upon application of accounting rule IFRS 5, the assets and liabilities sold as well as net income (loss) from discontinued operations have been isolated in distinct lines in the consolidated balance sheet and in the income statement (see note 2.1 of the consolidated financial statements).

All the results presented below are after application of IFRS 5 for 2015 and 2016.

The consolidated sales for 2016 totaled €18,710.5 million, compared to €18,770.4 million in 2015. On a reported basis, Faurecia's consolidated sales between 2015 and 2016 decreased by 0.3%. On a like-for-like basis, sales increased by 2.6% compared to 2015, with an increase of 3.4% in the first half of the year and a growth of 1.8% in the second half of the year.

Sales of products (parts and components delivered to automakers) reached €14,247.1 million compared to €14,218.7 million in 2015. This represented a 0.2% growth on a reported basis. On a like-for-like basis, sales increased by 3.6% (4.2% in the first half, 3.1% in the second).

Sales of tooling, R&D, prototypes and other services totaled €1,366.5 million, versus €1,247.3 million in 2015. This represented a 9.6% growth on a reported basis. On a like-for-like basis, they increased by 11.1%.

Catalytic converter monolith sales⁽¹⁾, products mandated by the customers on which Faurecia is acting as an agent, reached

€3,096.9 million in 2016, compared to €3,304.4 million in 2015. They were down by 6.3% on a reported basis and by 5.2% on a like-for-like basis, resulting from a 4.0% decline in the first half-year and a 6.5% decline in the second half-year mainly due to the fall in the price of precious metals included in monoliths.

Value added sales (which are total sales excluding monoliths and which reflect the real activity) in 2016 reached €15,613.6 million, compared to €15,466.0 million in 2015, or an increase of 1.0% on a reported basis. On a like-for-like basis, value added sales increased by 4.3% compared to 2015, with an increase of 5.0% in the first half-year and 3.5% in the second.

Furthermore, in order to keep up with the market trend toward more air quality regulations and fuel savings, the Emissions Control Technologies business has become the Clean Mobility business.

BREAKDOWN OF SALES

(in € millions)	Product sales	Development, Tooling, Prototypes and Other Services	Value Added Sales	Catalytic Converter Monoliths Sales	Total sales
Seating	6,244.1	363.3	6,607.4	0.0	6,607.4
Clean Mobility	3,860.0	335.3	4,195.3	3,096.9	7,292.2
Interiors	4,143.0	667.9	4,810.9	0.0	4,810.9
TOTAL	14,247.1	1,366.5	15,613.6	3,096.9	18,710.5

(in € millions)	H2 2016	H2 2015	Var. (%) reported	Var. (%) organic*	2016	2015	Var. (%) reported	Var. (%) organic*
Total sales	9,178.8	9,281.7	-1.1%	1.8%	18,710.5	18,770.4	-0.3%	2.6%
Seating	3,308.1	3,085.0	7.2%	9.2%	6,607.4	6,188.5	6.8%	9.0%
Clean Mobility	3,577.7	3,679.1	-2.8%	-1.6%	7,292.2	7,490.3	-2.6%	-0.8%
Interiors	2,293.0	2,517.6	-8.9%	-2.4%	4,810.9	5,091.6	-5.5%	-0.2%
Product sales	6,952.4	6,986.9	-0.5%	3.1%	14,247.1	14,218.7	0.2%	3.6%
Seating	3,109.2	2,888.2	7.7%	9.6%	6,244.1	5,826.4	7.2%	9.4%
Clean Mobility	1,924.2	1,905.2	1.0%	2.7%	3,860.0	3,880.5	-0.5%	2.0%
Interiors	1,919.0	2,193.5	-12.5%	-5.2%	4,143.0	4,511.8	-8.2%	-2.4%

* Like-for-like comparison.

(1) Precious metals and ceramics used in emission control systems.



(in € millions)	2015 reported	Currencies	Scope	Organic*	2016 reported
Product sales	14,218.7	(313.8)	(175.0)	517.2	14,247.1
Var. in %		-2.2%	-1.2%	3.6%	0.2%
Value added sales	15,466.0	(332.6)	(179.1)	659.3	15,613.6
Var. in %		-2.1%	-1.1%	4.3%	1.0%
Total sales	18,770.4	(367.7)	(179.1)	486.9	18,710.5
Var. in %		-2.0%	-1.0%	2.6%	-0.3%

* Like-for-like comparison.

(in € millions)	H2 2015 reported	Currencies	Scope	Organic*	H2 2016 reported
Product sales	6,986.9	(119.0)	(129.2)	213.7	6,952.4
Var. in %		-1.7%	-1.9%	3.1%	-0.5%
Value added sales	7,678.0	(122.2)	(133.0)	269.1	7,691.9
Var. in %		-1.6%	-1.7%	3.5%	0.2%
Total sales	9,281.7	(134.8)	(133.0)	164.9	9,178.8
Var. in %		-1.5%	-1.4%	1.8%	-1.1%

* Like-for-like comparison.

Product sales by region in 2016 were as follows:

- in Europe, product sales totaled €7,128.7 million (50.0% of total product sales) compared to €6,981.7 million in 2015. Product sales were up 2.1% on a reported basis when compared to 2015 and up 3.2% on a like-for-like basis. Over the same period, automakers increased production in Europe by 2.8% (source: IHS Automotive January 2017). After strong growth in the first half of 2016 (+7.1% on a like-for-like basis for automotive production up by 4.6%, source: IHS Automotive January 2017), sales decreased in the second half (-1.0% on a like-for-like basis compared to automotive production which increased by 0.9%, source: IHS Automotive January 2017);
- in North America, product sales declined by 4.8% on a reported basis, to €4,080.8 million (28.6% of the total), compared to €4,284.7 million for 2015. On a like-for-like basis, product sales declined by 2.2% compared to an increase in automotive production of 2.0% (source: IHS Automotive January 2017). In the first half-year, product sales decreased by 3.1% on a like-for-like basis (automotive production increase: 2.9%, source: IHS Automotive January 2017). In the second half-year, product sales dropped by 1.3% on a like-for-like basis (automotive production increase: 1.1%, source: IHS Automotive January 2017);
- in South America, product sales were €464.8 million (3.3% of the total) compared to €410.4 million in 2015. On a reported basis, they were up by 13.3%. On a like-for-like basis, they increased by 39.0% (automotive production decreased by 10.0%, source: IHS Automotive January 2017). On a like-for-like basis, in the first half-year total sales increased by 19.4% (automotive production: -16.8%, source: IHS Automotive January 2017), with sales continuing to grow in the second half by 63.7% (automotive production: -2.6%, source: IHS Automotive January 2017);
- in Asia, product sales rose 0.2% on a reported basis to €2,376.8 million (16.7% of the total) compared to €2,371.4 million in 2015. On a like-for-like basis, the increase was 7.4%. This is compared to an increase in automotive production of 7.2% (source: IHS Automotive January 2017). In the first half-year, product sales in Asia increased 3.8% on a like-for-like basis (automotive production: 2.9%, source: IHS Automotive January 2017). In the second half-year, sales in Asia continued to increase by 10.9% on a like-for-like basis (automotive production: +11.4%, source: IHS Automotive January 2017);
- in the rest of the world, South Africa and Iran, product sales amounted to €196.0 million. Product sales were up 15.0% on a reported basis and up 30.4% on a like-for-like basis.

SALES BY REGION

(in € millions)	2016	2015	Reported	Organic*	LV Production**
Total sales					
Europe	9,643.2	9,507.4	1.4%	2.4%	
North America	5,219.4	5,427.2	-3.8%	-1.8%	
South America	545.5	496.9	9.8%	32.4%	
Asia	3,067.7	3,100.1	-1.0%	5.6%	
Rest of the World	234.7	238.8	-1.7%	11.8%	
TOTAL	18,710.5	18,770.4	-0.3%	2.6%	
Product sales					
Europe	7,128.7	6,981.7	2.1%	3.2%	2.8%
North America	4,080.8	4,284.7	-4.8%	-2.2%	2.0%
South America	464.8	410.4	13.3%	39.0%	-10.0%
Asia	2,376.8	2,371.4	0.2%	7.4%	7.2%
Rest of the World	196.0	170.5	15.0%	30.4%	18.3%
TOTAL	14,247.1	14,218.7	0.2%	3.6%	4.7%

* Like-for-like comparison.

** Source: IHS Automotive, January 2017.

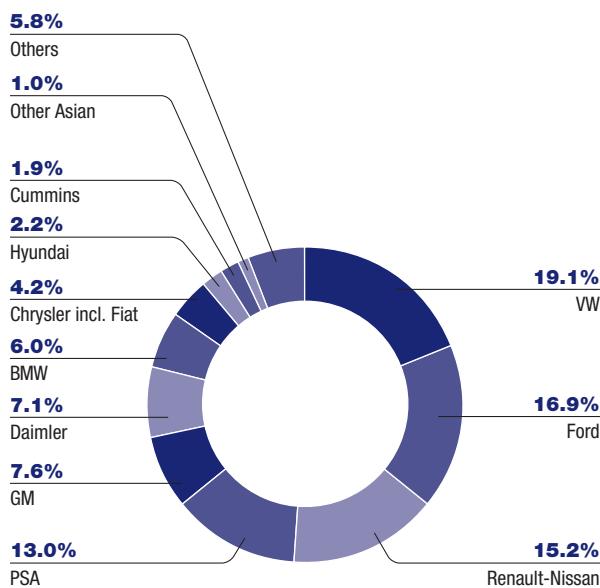
(in € millions)	H2 2016	H2 2015	Reported	Organic*	LV Production**
Total sales					
Europe	4,499.0	4,662.2	-3.5%	-2.5%	
North America	2,587.7	2,701.3	-4.2%	-0.7%	
South America	309.5	220.8	40.2%	53.1%	
Asia	1,655.3	1,585.9	4.4%	10.3%	
Rest of the World	127.3	111.5	14.2%	17.2%	
TOTAL	9,178.8	9,281.7	-1.1%	1.8%	
Product sales					
Europe	3,295.6	3,369.7	-2.2%	-1.0%	0.9%
North America	2,012.9	2,135.9	-5.8%	-1.3%	1.1%
South America	264.8	181.2	46.1%	63.7%	-2.6%
Asia	1,270.1	1,214.6	4.6%	10.9%	11.4%
Rest of the World	109.0	85.5	27.6%	31.7%	35.1%
TOTAL	6,952.4	6,986.9	-0.5%	3.1%	6.9%

* Like-for-like comparison.

** Source: IHS Automotive, January 2017.



PRODUCT SALES IN 2016 BY FINAL CUSTOMER (%)



Product sales to the Volkswagen group totaled €2,714.1 million in 2016, down 3.4% when compared to 2015 on a reported basis and down 1.6% on a like-for-like basis. They accounted for 19.1% of Faurecia's total product sales.

Product sales to the Ford group accounted for 16.9% of Faurecia's product sales, totaling €2,413.5 million for 2016. Compared to 2015, product sales increased on a reported basis by 1.7% and by 8.9% on a like-for-like basis.

Product sales to the Renault-Nissan group represented 15.2% of Faurecia's total product sales. Product sales were up 14.2% compared to 2015 on a reported basis and 16.1% on a like-for-like basis, totaling €2,170.6 million. On a like-for-like basis, product sales to Renault increased by 29.8% while product sales to Nissan increased by 7.4%.

Product sales to the PSA Peugeot Citroën group totaled €1,845.9 million in 2016, down 2.5% on a reported basis and down 0.3% on a like-for-like basis. They accounted for 13.0% of Faurecia's total product sales.

Product sales to the General Motors group in 2016 fell by 8.3% on a reported basis and by 7.7% on a like-for-like basis, reaching €1,083.0 million (7.6% of total product sales).

Product sales to the Daimler group totaled €1,009.6 million (7.1% of Faurecia's total product sales). Product sales were up 3.3% on a reported basis as well as on a like-for-like basis.

Product sales to the BMW group were €857.5 million (6.0% of total product sales). They declined by 4.8% on a reported basis but increased by 7.7% on a like-for-like basis.

In 2016, product sales increased by 16.0% with Hyundai/Kia and by 18.9% on a like-for-like basis. Product sales to Geely-Volvo were up 7.0% on a reported basis and 9.0% on a like-for-like basis. Product sales to Fiat-Chrysler declined by 17.2% on a reported basis as well as on a like-for-like basis. Lastly, product sales to Toyota fell by 4.4% on a reported basis but increased by 6.5% on a like-for-like basis.

Faurecia's five main customers accounted for 71.8% of product sales: VW 19.1%, Ford 16.9%, Renault-Nissan 15.2%, PSA 13.0% and GM 7.6%.

2.2. Evolution of the Group's activities and sales

2.2.1. FAURECIA SEATING

Sales (in € millions)	Headcounts	Sites	Country	R&D and design and development centers
6,607.4	42,100	71	28	20

Faurecia is the third-largest supplier of seat systems, and the leading supplier of frames and mechanisms worldwide. It designs and manufactures seat systems, as well as components: frames, mechanisms, foam, seat covers, electronic systems, mechatronics and tires. During the manufacturing phase, Faurecia assembles the various components to create complete systems – front seats and rear seats – delivered on a just-in-time basis to its customers' plants. Faurecia is highly experienced in the development and design of automotive seating. The Group emphasizes safety, comfort, perceived quality, versatility and use of natural/recycled materials. It is enhancing its operational efficiency by further digitizing the development stages and by robotizing production.

The Seating business generated €6,607.4 million in sales in 2016, up 6.8% when compared to 2015 on a reported basis. Sales showed an increase of 9.0% on a like-for-like basis.

Product sales totaled €6,244.1 million compared to €5,826.4 million in 2015, an increase of 7.2% on a reported basis and of 9.4% like-for-like. The second half-year saw a 7.7% increase on a reported basis and a 9.6% increase on a like-for-like basis.

2016 was marked by the start of series production of a number of projects comparable to that of 2015: 12 for the production of seat systems, with all or part of the components, and 7 for seat structures. Components such as seat covers, headrests and pneumatic comfort modules were the subject of 23 industrial production launches.

Europe accounted for half of the production roll-outs. In France, the production of complete seats for the light utility vehicles Citroën Jumpy, Peugeot Expert and Toyota ProAce was launched on PSA's brand new EMP2 modular platform. The production of complete seats for the Renault Scenic also started on the same production site. The production of complete seats for the Peugeot 3008 and 5008 crossovers, the Fiat Scudo utility vehicle, and the Citroën E-Méhari electric vehicle was also launched. In Germany, the production of complete seats for the Audi A5 sedan and coupé started. Poland, France and China provided the frames and mechanisms for the Porsche Panamera.

China completed eight production roll-outs, in particular for the complete seats of the Cadillac CT6, assembled locally, complete seats for the Peugeot 308 and the Volkswagen Phideon sedan, replacing Phaeton, and the front seat frames for the Peugeot 3008 crossover of Dongfeng-Peugeot.

North America was the third region in terms of series production roll-outs with in particular the complete seats for the Nissan Titan XD pickup, the complete range for the Ford Super Duty pickups (F-250, F-350, F-450, F-550, chassis Cab F-650 and F-750), the front seat frames for Fiat Chrysler and Volkswagen, and the headrests for the Audi Q5.

In South America, Faurecia Seating launched the series production of complete seats for the Mercedes Vito utility vehicle and for the Renault Captur crossover.



The overall development of Faurecia Seating continued with in particular the opening of several new industrial sites and research and development centers:

- in Morocco, the start of series production of seat covers at the Sale site;
- in Romania, the inauguration of a second seat cover manufacturing plant in Valcea;
- in Slovakia, the inauguration of the Lozorno seat assembly site, which in 2017 will assemble the seats for all of the Volkswagen group's SUVs and crossovers;
- in the United States, the opening of and start of series production of complete seats at the Simpsonville assembly site;
- in India, a new research and development center in Pune, whose teams will in particular contribute to the development of car seats;
- in China, a plant created in Tianjin as a joint venture with the Chinese company Foton to assemble complete seats for the future models of the German premium brand Borgward, initially the SUV BX5. The Borgward brand, which disappeared in 1961, was relaunched in 2015 by Foton, a subsidiary of the BAIC international group.

Faurecia Seating is implementing the Group's Digital Enterprise strategy in all development, manufacturing and logistics activities. The most advanced initiatives are:

- the use of automated guided vehicles to transport parts within a plant;
- the use of data from connected machines to predict breakdowns and optimize productivity;
- fully digitized production monitoring systems that facilitate the control of all production chains;
- the use of collaborative robots to assist operators with boring and repetitive tasks or for operations requiring a high degree of precision.

2016 was also a rich year in terms of technical innovations.

For instance, the start of series production, in Poland, of premium pneumatic comfort systems for the new premium Cadillac CT6 sedan and the first public presentation, in October 2016, of two breakthrough innovations at the Paris Motor Show:

- the Natural Motion™ seat, which offers an intuitive seat adjustment experience compared to manually adjusted seats;
- the second generation Active Wellness™ intelligent seat, developed to meet the new uses of the Cockpit of the Future, i.e. in a connected and partially autonomous vehicle. Equipped with sensors, the seat assesses the driver's wellness and comfort according to 12 criteria and, thanks to artificial intelligence, suggests the best improvement action.

The innovations presented recently were very well received by the market:

- in the United States, the Automotive News jury awarded Faurecia Seating the prestigious Pace Award for its Cover Carving Technology for producing seat covers in three dimensions, which is already in series production for several models;
- in Germany, a jury awarded Faurecia the Automotive Innovation Award 2016, naming it the most innovative supplier in the field of vehicle interiors (seat and cockpit);
- another German jury of automotive professionals chose Faurecia Seating for the Brand Contest Design Award for its first generation of Active Wellness™ seats equipped with biometric sensors.

Chapter 7 of this Registration Document provides more information on all of the technologies and innovations developed by Faurecia.

The operational excellence of Faurecia Seating has earned it several awards from automakers (see Chapter 6 of this Registration Document, Section 6.3 "Customer awards").

2.2.2. FAURECIA CLEAN MOBILITY

Sales (in € millions)	Headcounts	Sites	Country	R&D and design and development centers
7,292.2	21,700	84	31	13

Faurecia Clean Mobility is the world leader in the emissions control market, developing and producing complete exhaust systems, including all components helping reduce emissions as well as components for exhaust system acoustics.

The Clean Mobility business generated total sales of €7,292.2 million in 2016, a decline of 2.6% on a reported basis. On a like-for-like basis, sales were down 0.8%.

Monolith sales reached €3,096.9 million in 2016 compared to €3,304.4 million in 2015 (a decrease of 6.3% on a reported basis and decrease of 5.2% on a like-for-like basis).

Value added sales reached €4,195.3 million in 2016 compared to €4,185.9 million in 2015 (an increase of 0.2% on a reported basis and increase of 2.7% on a like-for-like basis).

Product sales totaled €3,860.0 million in 2016, down 0.5% on a reported basis but up 2.0% on a like-for-like basis. In the second half of 2016, product sales slightly increased on a reported basis (1.0%) and increased by 2.7% on a like-for-like basis.

Clean Mobility sales include the sales of the Faurecia Composite Technologies entities kept by Faurecia after the disposal of Faurecia Automotive Exteriors. Following this change of organization, sales of the composite business, which had been included in the Interiors business when the results of the first half-year 2016 were presented, have been reallocated on a retroactive basis for 2015 and 2016 to the Clean Mobility business.

Faurecia Clean Mobility maintained its position as world market leader, with 175 launches in 2016.

In Europe, 56 launches were carried out, with in particular the launch of the hot and cold end component programs for the gasoline and diesel engines of the Giulia vehicle of the Alfa Giorgio platform. The Terni plant, in Italy, is managing this launch in Europe. The launch in the Koacelli plant in Turkey of the cold end components for the diesel and gasoline engines of the Peugeot 3008 and the hot and cold ends for the diesel engine of the Ford Transit should also be noted.

Faurecia Clean Mobility confirmed its position in Asia, with 66 launches. A new just-in-time assembly plant was opened in Wuhan, for the launch of the cold end components for the SGM Cavalier.

In China, the dedication of Faurecia Clean Mobility's teams led to a substantial rise in its market share among local automakers such as Geely, BAIC, FAW and GAC. The launch of major programs,

such as the hot end components for the 1.0 l gasoline turbo engine of the Honda Eva and for the new 1.5 l Ford gasoline engine is noteworthy. Faurecia Clean Mobility launched its first production line with BAIC for which it will produce the entire line for the 1.5 l gasoline engine of the BAIC BJ20.

In 2016, Faurecia Clean Mobility confirmed its expertise with energy recovery systems by integrating its Exhaust Heat Recovery System (EHRS) on the hot end of the 1.6 l gasoline engine of the Hyundai Ioniq.

In the emerging countries, Faurecia Clean Mobility strengthened its position with 32 launches, including 3 major ones: in Argentina for the Toyota Hilux (cold end components for its two 2.8 l diesel and 2.7 l flex engines), in Brazil for the Renault-Nissan vehicles Duster, Sandero, Logan, Oroch and Captur (hot end components for the 1.6 l gasoline engine) and for the Volvo FH (hot end components for the 13 l diesel engine). At the Port Elisabeth plant in South Africa, one should note the launch of the SCR BlueBox*-equipped hot end components for the 2.0 l Diesel engine of the Ford Transit.

In North America, 21 launches were carried out at, among others, the plants in Queretaro and San Jose Chiappa in Mexico, the launch of the hot and cold ends for the 2.0 l diesel and gasoline engine of the Audi Q5, as well as the first cold end for HKMC which will be used in the Hyundai Elentra. Faurecia Clean Mobility will also supply the Chrysler Pacifica with a cold end for its V6 3.6 l gasoline engine.

The Columbus plant in the United States was opened for the launch in 2017 of the Nitro program of Cummins Emissions Solutions (CES).

In 2016, Faurecia Clean Mobility confirmed its position as world market leader, with over 96 new programs won. These program gains show the capacity of Faurecia Clean Mobility to support its international customers with their regional partners on new markets and also acquire new strategic programs.

2016 was also marked by the signature of a joint venture agreement between Faurecia (China) Holding Co. Ltd and Shandong Yinlun Heat Exchange System Co. Ltd. Faurecia, the majority shareholder with 52% ownership in the joint venture, will develop and produce pollution control systems for Weichai Powertrain Air Cleaning Technologies Co. Ltd located in Weifang, China.

Faurecia also signed an agreement with MAAD, a joint venture between the Iranian groups Crouse and Avrand, for the creation



of the joint venture Faurecia Crouse Advanced Exhaust System Co. (FCAES) for emission control systems. FCAES, in which Faurecia will hold 50%, will develop and produce emission control systems for the Iranian automotive market. Local production is due to start at the beginning of 2017.

Faurecia increased its holding in the Danish company Amminex from 42% to 91.5%. Amminex's ASDSTM solution, used in Copenhagen buses, stores ammonia in a compact gaseous form in the buses and makes it possible to reduce the emissions of nitrogen oxide from diesel-powered city buses. Faurecia has also adapted this technology to private cars and light commercial vehicles, in which a more compact system can be installed in the trunk or any other available space.

In 2016, Faurecia Clean Mobility confirmed its leading position in Selective Catalytic Reduction (SCR) systems for the reduction of nitrogen oxides (NOx) from diesel engines. Its SCR BlueBox® innovation, a close position mixed SCR system, is now used in the exhaust system for the 2.0 l Diesel engine of the Ford Transit.

Faurecia Clean Mobility also continues to develop its new generation of electric valves which will enable it to meet automakers' requirements in terms of durability and behavior at high temperatures.

The electric valves can be used either to reduce exhaust noise (acoustic valve) or to vary the pressure in the exhaust system (LP EGR valve or back-pressure valve). As regards the LP EGR valve, Faurecia Clean Mobility will launch its first application on a car manufactured by a European automaker. Recognized for its expertise in exhaust noise reduction, Faurecia will provide the Honda NSX with its electrically controlled acoustic valves. This application adds to the list of already equipped cars, namely FIAT-Chrysler, Ford, Mercedes, Volvo and VW.

It should be noted that Faurecia Clean Mobility won the 2016 Automotive News Pace Award for its Adaptive Valve™ technology, an automatically controlled valve that is activated by the exhaust gas flow and works in parallel with the muffler to reduce the noise from the exhaust system. On vehicles with cylinder deactivation, the adaptive valve neutralizes low-frequency noise so that the driver perceives no difference when shifting from eight cylinders to four, thus improving the driving experience. This valve, developed by Faurecia, is currently used in several pick-ups and SUVs in North America.

The automatically controlled valve completes the range of acoustic valves developed by Faurecia Clean Mobility. It is mainly used in vehicles sold in Asia to reduce exhaust system noise at low engine speeds. The most recent generation was launched in 2016 and is used in Geely Emgrand (China) and Proton Iriz (Malaysia) vehicles.

In order to offer its customers the possibility of customizing the acoustic signature of their vehicles, Faurecia Clean Mobility has for several years been developing Exhaust Dynamic Sound Technologies that make it possible to recreate and customize sound signature for powerful diesel and gasoline engines but also to cancel unwanted sounds that are produced at low engine speeds.

To assist automakers in meeting their objectives in terms of reduction of CO₂ emissions, Faurecia Clean Mobility continues to develop innovations aiming to decrease the weight of the cold ends of exhaust systems, including the nickel brazing technology owned by Faurecia, which makes it possible to assemble cold end components with a thickness of less than 1.0 mm.

In 2016, Faurecia Clean Mobility continued to play an active role in the compliance with environmental standards worldwide by supporting two major air quality events in South Korea. Partner of the World Clean Air Congress organized by the International Union of Air Pollution Prevention and Environmental Protection Associations (IUPAPPA) and of the Better Air Quality conference of the Clean Air Asia NGO, Faurecia intends to remain a major player in air quality improvement by contributing its expertise and emission control technologies.

In addition, following the disposal of the Exteriors business to Plastic Omnium on July 29, 2016, the Composite division took the name Faurecia Composite Technologies and joined Faurecia Clean Mobility. This move was in line with the Group's desire to offer its customers innovative and clean technologies for the vehicles of tomorrow.

Currently present in France with two plants and an R&D center, Faurecia Composite Technologies shows its ambition to move from regional player status to global player by 2025.

Faurecia Composite Technologies is stepping up its efforts, which it began in 2012, to reduce the weight of vehicles, in particular by becoming a leader in the market for carbon fiber structural and semi-structural parts for large-volume applications. In addition, Faurecia participates in the FORCE consortium, which brings together the players involved in the carbon fiber market to make it affordable for all automakers.

The Faurecia Composite Technologies division also presents itself as a cross-functional composite skill center for Faurecia's three businesses, offering its skills and expertise to all of the Group's applications.

Chapter 7 of this Registration Document provides more information on all of the technologies and innovations developed by Faurecia.

The operational excellence of Faurecia Clean Mobility has earned it several awards from automakers (see Chapter 6 of this Registration Document, Section 6.3 "Customer awards").

2.2.3. FAURECIA INTERIORS

Sales (in € millions)	Headcounts	Sites	Country	R&D and design and development centers
4,810.9	32,400	80	28	22

Faurecia is one of the two global leaders in interior systems. The Group manufactures cockpit modules (instrument panels and central consoles), doors panels, modules and door systems, acoustic modules, as well as decorative parts (Faurecia Angell Demmel).

During 2016, the Interiors business generated sales of €4,810.9 million, showing a decrease of 5.5% on a reported basis compared to 2015 and 0.2% on a like-for-like basis.

Product sales totaled €4,143.0 million compared to €4,511.8 million for 2015, an 8.2% decrease on a reported basis and 2.4% on a like-for-like basis. In the second half-year, product sales decreased by 12.5% on a reported basis and by 5.2% on a like-for-like basis.

Faurecia Interiors sales include the sales of entities kept by Faurecia after the disposal of Faurecia Automotive Exteriors except for Faurecia Composite Technologies which was added to the Clean Mobility business.

2016 was a particularly eventful year in terms of launches. Highlights include, especially in Asia and particularly in China, the start of production of the acoustic modules, decoration and instrument panel for the Peugeot 3008, as well as the acoustic modules for the Peugeot 5008, the instrument panel for the Peugeot 308, door panels and acoustic modules for the Volvo S90, and instrument panels for the Jeep C-CUV and S-SUV.

The Hearbin and Chongqing plants in China launched the production of instrument panels for the Ford Kuga and instrument panels and door panels for the Ford Focus. Chinese automakers also called on Faurecia Interiors for the launch of the Changan Aedo, Fengshen A9 and Dongfeng Aeolus compact SUV.

In India, Faurecia started to produce door panels for the Isuzu D-Max.

In North America, General Motors entrusted Faurecia with the delivery of the instrument panel for the Cruz (in the new plant in San Luis Potosi in Mexico) and of the door panels for the Cadillac SRX (Ramos, Mexico).

The activity in Europe was also rich in production starts with the shared platform for the two new Peugeot SUV 3008 and 5008 (in particular with the acoustic and decoration parts in the plants in Legnica (Poland), Mouzon and Marckolsheim (France)), the production start of the instrument panel, central console and acoustic parts for the new Renault Scenic in Ourense (Spain)

and Hénin-Beaumont (France) and the start of the new Citroën C3 (instrument panel and acoustic parts). Faurecia Interiors also started to produce the instrument panel for the new Renault Mégane, developed using NAFILEAN materials based on natural hemp fibers. Production of the Alfa Romeo Giulia started in April 2016 including the instrument panel in NAFILEAN and the central console incorporating a wide variety of trims (wood, aluminum, carbon) and the acoustic models. The PSA Group K0 platform, shared by the Citroën Jumpy and Peugeot Expert utility vehicles, was launched in the Méru, Bain-sur-Oust and Hénin-Beaumont plants in France. In Spain, production started for the Ford Kuga (instrument panel) and for the Seat Leon (central console).

Faurecia Interiors also opened and commissioned a number of new plants in 2016. In China, in addition to the opening of the Chengdu plant which will deliver the interiors for Volvo, Volkswagen and Toyota vehicles, the Wuhan plant moved to a new and larger site, and the plants in Haerbin and Beijing started their production. In Romania, the new plant in Cataesca replaced the one in Mioveni to achieve more efficient and innovative production of skins and leathers for FCA, Ford, PSA, Renault-Nissan, and Jaguar Land Rover. In Thailand, the Rayong plant extended its operations and now also includes injection molding.

In October 2016, Faurecia Interiors took a majority stake in a joint venture with Chongqing ChangPeng (Chongqing Faurecia Changpeng Automotive Parts Co. Ltd). The consolidation of Chongqing ChangPeng's operations enables Faurecia Interiors to become the leader in acoustics in China. The plants in Hangzhou, Chengdu, Nanjing and Chongqing cover the Ford, Mazda, Suzuki, Volvo, Toyota and Acura customer portfolio with a product scope that includes mats, trunk trimmings, ceiling lights, sound-proofing and EPP foams. In Iran, following the arrival on the market of the major French automakers, Faurecia signed a joint venture agreement with Azin Khodro Group, a local automotive supplier and leader in vehicle interiors. By signing this agreement, Faurecia Interiors gains access to the Iranian market where it will develop and produce instrument panels, door panels, central consoles and interior acoustics parts. The plant, scheduled to start in 2018, will be able to supply Renault and PSA, as well as all local automakers.

As regards technologies, Faurecia Interiors entered a partnership with the Italian company Tabu to create the Ligneos joint venture, specialized in the production of flexible wood trim. With Tabu's unique expertise in the selection, cutting and treatment of wood,



the two partners have developed patented technology aimed at extending the use of decorative wood in cars, covering a wider range of surfaces. This year for instance, Faurecia Interiors provided wood trim for the interiors of the Alfa Romeo Giulia and Peugeot 3008 and 5008. As part of the integration of screens for connected interiors, Faurecia Interiors has since 2016 worked in partnership with the US company Corning, the world leader in glass, in order to optimize the integration of glass and screens in the vehicles of the future.

In 2016, the capacity for innovation of Faurecia Interiors was confirmed with around 2,000 engineers in R&D centers across the world. The engineering business of Faurecia Interiors covers 150 programs in the development phase. To enhance its competitiveness, Faurecia Interiors continued to strengthen its development platforms in Mexico, China and India. Asia now has more than 750 engineers. In China, a second R&D platform was opened in Nanjing to complement the one in Shanghai. In India, the Pune site has now become a full-blown R&D Center; it now covers all engineering activities: innovation, design, development, testing, geometry, prototyping, as well as series production of mechanisms.

In 2016, Faurecia Interiors was acknowledged and rewarded by its customers, the media and the research community: A.P.M., a joint venture between Faurecia and the Interval agricultural cooperative, received the "Montgolfier, Arts Mécanique" award from S.E.I.N., which every year rewards a young and innovative company, for the production of its NAFLite biomaterial.

Faurecia Interiors confirmed the value of its innovation portfolio in the field of weight reduction and natural materials:

- at the Paris Motor Show in October 2016, Faurecia Interiors unveiled its new NAFLite biomaterial, combining micro-cellular chemical foam with NAFLite (20% of hemp fibers), offering a further weight reduction of 15% compared to NAFLite for the production of structural parts;
- Faurecia Interiors started to sell its Flaxpreg biomaterial, a light reinforced composite sandwich of linen fibers for trunk floors.

In 2016, the Cockpit of the Future was highlighted in Faurecia's strategy. With Faurecia Interiors technologies, the Cockpit of the Future will be adaptive to meet various use scenarios, predictive to improve safety, and connected to meet user needs. The Cockpit of the Future strategy is based on innovations in the following areas:

- a predictive and adaptive vehicle interior with an intuitive and integrated human-machine interface to improve connectivity; the perfect integration of materials, trim and acoustic performance will combine to offer a premium experience;
- technologies and materials ensuring the well-being and comfort of passengers, in all situations.

Based on its unique combination of skills in the areas of seats and interior, Faurecia Interiors in 2016 started discussions and work on the Cockpit of the Future with its main customers (BMW, Renault, ChangAn, Daimler AG, VW, PSA, etc.).

In 2016, the program acquisition policy of Faurecia Interiors was marked by three aspects:

- focus on the new premium customers (Porsche, Jaguar and Tesla);
- strengthening on the SUV segments (Jaguar, Renault, Alfa Romeo, Porsche, Citroën, Ford, RAM, etc);
- an ambition for strong growth among Chinese automakers; a five-fold increase between 2015 and 2016 of the programs won among Chinese brands.

The Faurecia group participates in the major international motor shows. In January 2016, at the Detroit Motor Show, Faurecia Interiors presented the instrument panel, central console and door panels of the Ford F150, the best-selling pickup in the United States, which in 2015 was given the "North American Truck Utility of the Year" award. At the Paris Motor Show, the new Smart Pebbles demonstrator illustrated Faurecia's vision of the Cockpit of the Future by 2025: a truly "cosy, stylish and connected space".

Faurecia Interiors was at the forefront of the investments of Faurecia Ventures in start-ups, with R&D partnerships linked to two investments made in 2016. Canatu, which was at Faurecia's stand at the Paris Motor Show in October 2016, is a Finnish start-up specialized in the production of transparent tactile film based on its Carbon NanoTubes technology; Faurecia Interiors is already working with Canatu to integrate these films on screens and plastic surfaces. Faurecia Interiors is also in a partnership with the start-up TactoTek, specialized in the production of intelligent molded structures and the integration of electronic components in 3D plastic.

In 2016, Faurecia Interiors began to implement the Digital Enterprise strategy defined by the Group to improve its operational performance:

- development and deployment of the first Manufacturing Execution System/Digital Management Control (MES/DMC) plants, with digital execution, production and management control systems;
- improvement of production effectiveness through Predictive Maintenance based on Big Data;
- deployment of illuminated guidance systems in plants and on workstations;
- improvement of technical data development and management tools.

Chapter 7 of this Registration Document provides more information on all of the technologies and innovations developed by Faurecia.

The operational excellence of Faurecia Interiors has earned it several awards from automakers (see Chapter 6 of this Registration Document, Section 6.3 "Customer awards").

2.3. Recent events

On February 21, 2017, Faurecia announced a partnership agreement with TactoTek.

TactoTek is a Finnish company providing solutions for Injection Molded Structural Electronics (IMSE): integrating printed circuitry and electronic components into 3D injection molded plastics.

This investment made through Faurecia Venture strengthens Faurecia's capabilities for its "smart life on board" strategy, and in particular the development and production of intelligent surfaces which are necessary for the Cockpit of the Future.

On March 27, 2017, Faurecia announced that it finalized and signed its strategic partnership with Parrot Automotive an automotive connectivity and infotainment specialist.

This partnership will allow Faurecia to accelerate development of electronic solutions for the connected vehicle.

In addition, this partnership could enable Faurecia to gradually take control of Parrot Automotive. Initially, it will acquire a 20% share through a capital increase reserved for Faurecia based on a corporate value of €100 million for 100% ownership of Parrot Automotive. At the same time, Faurecia will subscribe to a bond issued by Parrot S.A., convertible into Parrot Automotive shares, which could increase Faurecia's stake in the company to 50.01% from 2019, in case of conversion. By 2022, Faurecia could be in possession of all Parrot Automotive shares.

On April 11, 2017, Faurecia announced that the April 11, 2017 Board of Directors decided to appoint M. Michel de Rosen as Chairman of the Board of Directors with effect after the General Meeting of May 30, 2017.

In a press release of same date, Faurecia announced its Q1 2017 sales.

All these press releases are available on the site www.faurecia.com



3

Results of operations and financing

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3.1. Results of operations

3.1.1. OPERATING INCOME

Operating income for 2016 was €970.2 million (5.2% of total sales), compared to operating income of €830.0 million for 2015 (4.4% of total sales) (see in particular the consolidated statement of comprehensive income presented in detail in Section 10.1).

Operating income ⁽¹⁾ for 2016 also accounted for 6.2% of value added sales compared to 5.4% in 2015. This figure reflects the real profitability of the Group.

The €140.2 million increase in operating income over the full year 2016 compared to 2015 breaks down as follows:

- in Europe, the increase in sales allowed for an improvement of €67.3 million in operating income. This brought operating income to 4.6% of total sales compared to 3.9% in 2015;
- in North America, lower sales were offset by an improvement in operational efficiency leading to an increase in operating income of €25.4 million. Operating income stood at 4.6% of total sales, up compared to 3.9% in 2015;
- in spite of difficult economic and financial conditions, South America finished with an increase of €18.9 million in operating income to -4.3% of total sales compared to -8.5% in 2015;
- in Asia, operating income continued to increase, with an additional contribution of €17.9 million. They accounted for 10.1% of total sales compared to 9.4% in 2015;
- in the rest of the world, South Africa and Iran showed an increase of €10.8 million in operating income. Operating income stood at 8.0% of total sales compared to 3.4% in 2015;
- upon application of accounting rule IFRS 5, the exclusion of the recharge of selling and administrative expenses to discontinued operations (period January 1 to July 29, 2016) generated a non-recurring charge of €15.2 million in 2016 to be compared to €15.1 million in 2015.

In the second half of 2016, operating income totaled €479.9 million (5.2% of total sales). In the second half of 2015, operating income was €446.3 million (4.8% of total sales).

The €33.6 million increase in operating income in the second half of 2016 compared to the same period in 2015 is due to:

- in Europe, operating income was relatively stable at €185.9 million, a decrease of €1.8 million. It represented an increase to 4.1% of total sales compared to 4.0% in the second half of 2015;
- in North America, operating income was impacted in the second half-year by the start-up of new programs. It declined by €18.9 million to reach €119.4 million, or 4.6% of total sales compared to 5.1% in the second half of 2015;
- in South America, operating income improved significantly to reach -€7.0 million, i.e. an increase of €14.8 million accounting for -2.3% of total sales compared to -9.9% in the second half of 2015;
- in Asia, operating income increased to €170.9 million, an increase of €25.1 million accounting for 10.3% of total sales compared to 9.2% in the second half of 2015;
- in the rest of the world, South Africa and Iran showed an increase of €8.6 million in operating income;

(1) *Operating income is the Faurecia group's principal performance indicator. It corresponds to net income of fully consolidated companies before:*

- other operating income and expense, corresponding to material, unusual and non-recurring items including reorganization expenses and early retirement costs, the impact of exceptional events such as the discontinuation of a business, the closure or sale of an industrial site, disposals of non-operating buildings, impairment losses recorded for property, plant and equipment or intangible assets, as well as other material and unusual losses;
- income on loans, cash investments and marketable securities; Finance costs;
- other financial income and expense, which include the impact of discounting the pension benefit obligation and the return on related plan assets, the ineffective portion of interest rate and currency hedges, changes in value of interest rate and currency instruments for which the hedging relationship does not satisfy the criteria set forth in relationship cannot be demonstrated under IAS 39, and gains and losses on sales of shares in subsidiaries;
- taxes.

- the application of accounting rule IFRS 5 generated a non-recurring charge of €2.8 million in 2016 to be compared to €8.5 million in 2015 (positive variation of €5.7 million).

The trend for individual business segments between 2015 and 2016 was as follows (see Note 4.2 to the consolidated financial statements):

- operating income for Faurecia Seating in 2016 was €343.7 million, or 5.2% of total sales, compared to €304.3 million in 2015, or 4.9% of total sales;
- operating income for Clean Mobility reached €393.8 million in 2016, or 5.4% of total sales compared to €347.1 million in 2015, or 4.6% of total sales. This operating income amounts to 9.4% of value added sales in 2016 compared to 8.3% in 2015;
- operating income for Faurecia Interiors increased sharply in 2016 to €247.9 million, or 5.2% of total sales compared to €193.7 million in 2015, or 3.8% of total sales;

- the application of accounting rule IFRS 5 generated a non-recurring charge of €15.2 million in 2016 to be compared to €15.1 million in 2015.

Gross expenditures for R&D in 2016 were €1,021.5 million, or 5.5% of total sales, compared to €924.3 million, 4.9% of total sales in 2015. After deducting customer billings, project study capitalization and research tax credits, the net R&D costs amounted to €289.5 million compared to €278.4 in 2015.

Selling and administrative expenses amounted to €666.2 million (3.6% of total sales), compared to €637.2 million (3.4% of total sales) for 2015.

EBITDA, which correspond to the operating income before provisions and amortizations of non-current assets (see consolidated cash flow statement in Chapter 10.3), reached €1,639.3 million in 2016 (8.8% of sales), compared to €1,441.8 million in 2015 (7.7% of sales).

TOTAL SALES AND OPERATING INCOME BY REGION

(in € millions)	H2 2016			H2 2015			2016			2015		
	Total sales	Operating income	%	Total sales	Operating income	%	Total sales	Operating income	%	Total sales	Operating income	%
Europe	4,499.0	185.9	4.1%	4,662.2	187.7	4.0%	9,643.2	440.0	4.6%	9,507.4	372.7	3.9%
North America	2,587.7	119.4	4.6%	2,701.3	138.3	5.1%	5,219.4	239.4	4.6%	5,427.2	214.0	3.9%
South America	309.5	(7.0)	-2.3%	220.8	(21.9)	-9.9%	545.5	(23.2)	-4.3%	496.9	(42.1)	-8.5%
Asia	1,655.3	170.9	10.3%	1,585.9	145.8	9.2%	3,067.7	310.4	10.1%	3,100.1	292.5	9.4%
Rest of the World	127.3	13.5	10.6%	111.5	4.9	4.4%	234.7	18.8	8.0%	238.8	8.0	3.4%
IFRS 5 adjustment		(2.8)			(8.5)			(15.2)			(15.1)	
TOTAL	9,178.8	479.9	5.2%	9,281.7	446.3	4.8%	18,710.5	970.2	5.2%	18,770.4	830.0	4.4%

The IFRS 5 adjustment by region has been retroactively isolated from January 1 to allow a homogeneous comparison.

**TOTAL SALES AND OPERATING INCOME BY BUSINESS**

(in € millions)	H2 2016			H2 2015			2016			2015		
	Total sales	Operating income	%	Total sales	Operating income	%	Total sales	Operating income	%	Total sales	Operating income	%
Seating	3,308.1	168.1	5.1%	3,085.0	164.2	5.3%	6,607.4	343.7	5.2%	6,188.5	304.3	4.9%
Clean Mobility	3,577.7	195.4	5.5%	3,679.1	183.6	5.0%	7,292.2	393.8	5.4%	7,490.3	347.1	4.6%
Interiors	2,293.0	119.2	5.2%	2,517.6	107.0	4.3%	4,810.9	247.9	5.2%	5,091.6	193.7	3.8%
IFRS 5 adjustment		(2.8)			(8.5)			(15.2)				(15.1)
TOTAL	9,178.8	479.9	5.2%	9,281.7	446.3	4.8%	18,710.5	970.2	5.2%	18,770.4	830.0	4.4%

VALUE ADDED SALES AND OPERATING INCOME BY REGION

(in € millions)	H2 2016			H2 2015			2016			2015		
	Value added sales	Operating income	%	Value added sales	Operating income	%	Value added sales	Operating income	%	Value added sales	Operating income	%
Europe	3,703.2	185.9	5.0%	3,784.3	187.7	5.0%	7,906.6	440.0	5.6%	7,734.1	372.7	4.8%
North America	2,207.4	119.4	5.4%	2,302.6	138.3	6.0%	4,432.7	239.4	5.4%	4,584.0	214.0	4.7%
South America	291.4	(7.0)	-2.4%	203.0	(21.9)	-10.8%	509.6	(23.2)	-4.6%	456.5	(42.1)	-9.2%
Asia	1,375.9	170.9	12.4%	1,294.7	145.8	11.3%	2,557.2	310.4	12.1%	2,507.8	292.5	11.7%
Rest of the World	114.0	13.5	11.8%	93.4	4.9	5.2%	207.5	18.8	9.1%	183.6	8.0	4.4%
IFRS 5 adjustment		(2.8)			(8.5)			(15.2)				(15.1)
TOTAL	7,691.9	479.9	6.2%	7,678.0	446.3	5.8%	15,613.6	970.2	6.2%	15,466.0	830.0	5.4%

VALUE ADDED SALES AND OPERATING INCOME BY BUSINESS

(in € millions)	H2 2016			H2 2015			2016			2015		
	Value added sales	Operating income	%	Value added sales	Operating income	%	Value added sales	Operating income	%	Value added sales	Operating income	%
Seating	3,308.1	168.1	5.1%	3,085.0	164.2	5.3%	6,607.4	343.7	5.2%	6,188.5	304.3	4.9%
Clean Mobility	2,090.8	195.4	9.3%	2,075.4	183.6	8.8%	4,195.3	393.8	9.4%	4,185.9	347.1	8.3%
Interiors	2,293.0	119.2	5.2%	2,517.6	107.0	4.3%	4,810.9	247.9	5.2%	5,091.6	193.7	3.8%
IFRS 5 adjustment		(2.8)			(8.5)			(15.2)				(15.1)
TOTAL	7,691.9	479.9	6.2%	7,678.0	446.3	5.8%	15,613.6	970.2	6.2%	15,466.0	830.0	5.4%

3.1.2. NET INCOME

Net income for 2016 stood at €637.8 million, or 3.4% of total sales, compared to €371.8 million in 2015 or 2.0% of total sales (see in particular the consolidated statement of comprehensive income presented in detail in Section 10.1). This is an increase of €266.0 million.

The "Other income and expenses" item represented an expense of €105.8 million, compared to an expense of €65.3 million in 2015 (see Note 6 to the consolidated financial statements). This item included €86.3 million in restructuring charges compared to €57.3 million in 2015. These charges stemmed from restructuring plans implemented with a view to bringing costs in line with new market realities. These costs include expenses relating to the downsizing of 1,824 employees.

Financial income totaled €11.4 million, versus €12.1 million in 2015. Finance costs totaled €150.5 million, versus €173.6 million in 2015.

The "Other financial income and expenses" item (see Note 7 to the consolidated financial statements) represented an expense of €23.3 million, compared to an expense of €45.2 million in 2015. This item includes €7.5 million from present discounting pension liabilities, €7.1 million in fees for syndicated debt and €7.8 million linked to the amortization of borrowing costs.

The tax expense for the fiscal year (see Note 8 to the consolidated financial statements) was €189.2 million, compared to €185.7 million in 2015, representing an average tax rate of 27.0% in 2016, compared to an average tax rate of 33.3% in 2015.

Income from discontinued operations and capital gains on disposals amounted to €188.3 million in 2016. In 2015, income from discontinued operations was €60.8 million.

The share of net income of associates (see Note 13 to the consolidated financial statements) totaled €19.7 million, compared to €12.8 million in 2015. The increase was mainly due to the reduction in restructuring costs and the reduction in start-up costs in these entities.

Net of net income attributable to minority interests (totaling €83.0 million in 2016 and mainly consisting of net income accruing to investors in Chinese companies in which Faurecia is not the sole shareholder), net income for the year totaled €637.8 million, compared to €371.8 million in 2015.

Basic earnings per share on continued operations (see Note 9 to the consolidated financial statements) were €3.28 (diluted net earnings per share also €3.28) compared to €2.49 (diluted net earnings €2.48) in 2015.



3.2. Financial structure and net debt

Net increase in cash and cash equivalents stood at €629.7 million, of which €458.5 million of net cash flow and €171.2 million of other investing and financing activities.

The net cash inflow (see Note 21 to the consolidated financial statements) was €458.5 million over the year compared to a net cash inflow of €302.5 million in 2015. It was attributable to the following:

- the operating income before amortization and depreciation accrual or EBITDA reached €1,639.3 million compared to €1,441.8 million in 2015, due to the increase in operating income for €140.2 million and the increase in depreciation and amortization for €57.3 million;
- restructuring represented cash outflows of €63.5 million compared to €77.0 million in 2015;
- net financial costs represented cash outflows of €132.0 million, versus €208.0 million in 2015;
- the change in working capital requirement, including receivables factoring, represented a positive impact of €162.5 million compared to €153.0 million in 2015. This change consisted in part of an increase in inventories of €151.0 million, a net increase in trade receivables of €6.5 million, an increase in trade payables of €268.6 million and a positive variation of other trade receivables and payables for €38.4 million. (see Note 18 to the consolidated financial statements). The evolution of these balance sheet positions was impacted by exchange rate changes;
- capital expenditures on property, plant and equipment and on intangible assets represented cash outflows of €638.0 million, versus €622.7 million in 2015.

Disclosures relative to major investments by business segment and region are provided in Note 4 to the consolidated financial statements for the 2016 fiscal year (4.2 "Key figures by operating segment"; 4.4 "Key figures by region").

Disclosures relative to key ongoing investments and firm orders for property, plant and equipment and intangible assets are provided in Note 31 "Commitments given and potential liabilities" to the consolidated financial statements for 2016:

- capitalized research and development costs represented cash outflows of €406.9 million compared to €308.9 million in 2015;
- income taxes represented cash outflows of €257.7 million, compared to €219.1 million in 2015;

- finally, other cash flow items represented €154.8 million in inflows, compared to €143.4 million in inflows in 2015.

The recurring net cash inflow, restated from exceptional elements (mainly the receivables factoring from Automotive Exteriors for €119 million) amounted to €332.5 million (see Note 21 to the consolidated financial statements).

The net cash inflow of other investing and financing activities was €171.2 million in 2016. It was attributable to the following:

- the acquisition/disposal of new companies and investments represented net cash inflows of €532.5 million. This includes the Automotive Exteriors business for an enterprise value of €665 million;
- cash flows of discontinued operations represented a cash outflow of €175.0 million;
- dividends paid to shareholders of the parent company represented a cash outflow of €88.8 million compared to €12.8 million in 2015;
- dividends paid to minority shareholders represented €76.2 million in cash outflows compared to €64.5 million in 2015;
- the other factors consisted of an outflow of €21.3 million compared to an outflow of €278.7 million in 2015.

Net debt thus decreased to €341.5 million at year-end 2016, versus €945.8 million at year-end 2015 (see Note 26.1 to the consolidated financial statements).

The shareholders' equity rose from €2,609.5 million at year-end 2015 to €3,157.1 million at year-end 2016, an increase of €547.6 million mainly driven by the net income for the year.

The main elements of long-term financial resources (see Note 26.3 to the consolidated financial statements) are the syndicated credit facility for €1,200 million, signed in December 2014 and renegotiated in 2016, maturing in June 2021 and which was not drawn at December 31, 2016, of €700 million of bonds maturing in June 2022, and €700 million of bonds maturing in June 2023.

€490 million of bonds maturing on December 15, 2016 were redeemed early in April 2016. This early redemption eliminated the guarantees on the syndicated credit facility and the 2022 bonds. The entire long-term debt is no longer subject to guarantees issued by some subsidiaries of the Group.

3.3. Outlook

2017: FAURECIA SET ON NEW TRAJECTORY, WELL POSITIONED TO ACHIEVE 2018 PROFITABLE GROWTH OBJECTIVES

At its Investor Day in April 2016, Faurecia outlined its New Trajectory 2016-2018, its strategic priorities aligned with the automotive market megatrends. The Group will accelerate profitable growth and focus on Sustainable Mobility and Smart life on board. This strategy is symbolized in the new visual identity of the Group and its tagline: "Inspiring mobility".

The Group announced the following targets for 2018:

- 6% value-added sales growth 2016-2018 (400 bp above automotive production growth);
- operating income (loss) of 7% on value-added sales;

- net cash flow above €500 million;
- earnings per share of €5.00.

The Group's order intake (three-year rolling) of €53 billion is up €6 billion compared to 2015. On this basis Faurecia is confident that profitable growth will accelerate from 2017 onwards. Particularly important will be the growth with Chinese automakers which will represent 20% of sales in China by 2018 and commercial vehicle sales which will double by 2020.

Faurecia fully confirms its 2018 objectives.

2017 GUIDANCE*

In this environment the Group confirms its 2018 objectives and has issued the following guidance for the fiscal year 2017:

- growth in value added sales: +6% growth at constant currencies or +400 bp above LV production;
- an operating income (loss) (on value-added sales) between 6.4% and 6.8%;
- net cash flow of minimum €350 million;
- EPS around €4.00.

The strategic priorities for the Group in 2017 are to accelerate technology for Sustainable Mobility and Smart life on board. This will be achieved through investments in start-ups, partnerships and acquisitions. The Group's operating income (loss) improvement will be driven by technology and the three efficiency initiatives: Global Business Services, R&D efficiency and Digital transformation.

* Main assumptions:

- light vehicle (PC + LCV < 3.5 tons) production to grow globally by 2%:
 - Europe: 1.0% to 1.5%,
 - North America: 0%,
 - China: 3.0% to 5.0%;
- currencies: USD/€ at 1.12 and CNY/€ at 7.40.



4

Risk factors

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The Group takes care to monitor and control risks that may affect the achievement of its objectives. The Board of Directors is accordingly kept informed by the Audit Committee of the main measures taken to watch and monitor risks, the Committee itself being kept informed by the Compliance department, which is required to provide information on Group-wide risks, the nature and individual monitoring of which are described below, at least once a year.

Generally speaking, all the risks identified within the Group are reviewed and discussed by specific bodies and are consolidated by the Group Executive Committee. The executive team of each Business Group is responsible for identifying and managing operational risks inherent to its business which are reviewed every month by its Operations Committee. Financial risks for all Group companies are managed at Group level by the Group Finance department and are reviewed by a special committee as well as locally managed in regional Finance departments via the quarterly review of the accounts for each of the sites in the scope.

Some risks identified as Group-wide are subject to additional review by the Risk Committee.

These risks are associated with safety to persons, quality, program management, liquidity risk, IT risk, the reliability of supplies, asset protection and fire risk, exposure of industrial sites to certain types of natural disasters, international exposure of employees to health and safety risks, the reliability of financial information, compliance, the environment. For the purposes of procedure progress and improvement, the relevance of this list is regularly reviewed by the Risk Committee and the inclusion of new Group-wide risks is submitted to the Audit Committee.

Participants in internal control procedures and their organization are described in greater detail in Section 9.4.3 of the Registration Document.

This chapter presents the main risks to which the Group considers that it is exposed at the date of this Registration Document.

However, other risks that the Group is not aware of at the date of this Registration Document, or which are not considered to date as likely to have a significant unfavorable impact for the Group, its businesses, its financial position, its results or its outlook, may exist or occur.

4.1. Operational risks

4.1.1. RISK OF DEPENDENCE ON THE AUTOMOTIVE SECTOR

Identification of risk

Specializing in the manufacture of original equipment for its automaker customers, the Faurecia group's business is directly related to the vehicle production levels of these customers in their markets. The cyclical nature that characterizes its customers' business can have a significant impact on the Group's sales and results. The level of sales and automobile output for each of Faurecia's customers depends on numerous parameters, notably the general level of consumption of goods and services in a given market; confidence levels of economic players in that market; buyers' availability to access credit for vehicle purchases; and in some cases governmental aid programs (such as the recent financial support provided to the automotive sector and incentives introduced for the purchase of vehicles).

As such, the Group's sales and net operating income are directly linked to the performance of the automotive industry in the major geographic areas where Faurecia and its customers do business (see Note 4.4 to the consolidated financial statements), especially in Europe (50.0% of total product sales in 2016) in

North America (28.6% of total product sales in 2016) and in Asia (16.9% of total product sales in 2016).

Faurecia's risk is also tied to the commercial success of the models for which it produces components and modules. At the end of a model's life cycle, the risk is also linked to the uncertainty of whether its products will be taken up again for the replacement model. In addition, the orders placed with the Group are binding supply contracts for open orders without any guarantees in terms of volume, that is to say with no guarantee of minimum volume. They are generally based on the life of the vehicle model concerned.

Risk management

As Faurecia's customers include the majority of the world's major automakers, it is totally dependent on developments in the global automotive industry. However, the Group's exposure to customer risk is naturally attenuated by its market share and its diversified international presence.

4.1.2. CUSTOMER RISK AND RISK OF DOWNTURN IN BUSINESS WITH MAJOR CUSTOMERS

Identification of risk

Changes in the automotive sector could accelerate the concentration of automakers, ultimately resulting in the disappearance of certain brands or vehicle models for which the Group produces equipment. The occurrence of one or more of these events could have a significant impact on the Faurecia group's sales, results and future prospects.

Such an impact could also result from a downturn in production from major Group customer facing a slowdown in its activity caused by various situations (for example, but not limited to, allegations against certain automakers concerning emission testing).

Risk management

Faurecia is seeking to optimize the quality and diversity of its customer portfolio.

In 2016, the Faurecia group's five largest automaker customers accounted for 71.8% of product sales (VW 19.1%; Ford 16.9%; Renault-Nissan 15.2%; PSA 13% and GM 7.6%).

The Group also relies on the diversification of its sales by region (see management of the risk of dependence on the automotive sector above), by brand and by model.

4.1.3. CUSTOMER CREDIT RISK

Identification of risk

In view of the economic context in the automotive sector, Faurecia cannot rule out the possibility that one or more of its customers may not be able to honor certain contracts or suffer financial difficulties.

Risk management

As of December 31, 2016, late payments represented €135 million or 0.72% of consolidated sales for the year.

Details of trade accounts receivable and other receivables are provided in Note 18 to the consolidated financial statements.

4.1.4. SUPPLIER RISK

Identification of risk

If one or more of the Group's main suppliers were to go bankrupt, or experience an unforeseen stock-out, quality problems, a strike or any other incident disrupting its supplies for which it were liable, this could impact Faurecia's production output or lead to additional costs that would affect the Group's sales, results and overall financial position.

In 2016, out of a total of approximately €8,806 million in purchases (production and indirect purchases) from approximately 3,043 main suppliers, the ten biggest suppliers together accounted for 26% of the Business Groups' combined purchases and 12% of the total consolidated sales.

Purchases from the five biggest suppliers of each of the Business Groups together accounted for 18% of total purchases and 8% of total consolidated sales.

In this same year, purchases from the biggest supplier of each of the Business Groups together accounted for 6% of total purchases and 3% of total consolidated sales.

Faurecia closely monitors the quality and reliability of suppliers' production operations as well as their credit status and sustainability in order to ensure that the Group's supply chain is secure.

Risk management

The Group uses a large number of suppliers based in different countries for its raw materials and basic parts supplies.



4.1.5. RISK RELATED TO ORDER VOLUMES

Identification of risk

As a components producer and components and systems assembler for the automotive industry, and given the high volumes that its customers order, Faurecia constantly has to adapt its business activity to its customers' demands in terms of their supply chain, production operations, services and R&D. Should the Group, or one of its suppliers or service providers, default at any stage of the manufacturing process, the Group could be held liable for failure to fulfill its contractual obligations or for technical problems.

The Group could also be required to make certain investments which may not be offset by customer order volumes.

Risk management

To minimize this risk the Faurecia group's purchasing policy is based on a regularly reviewed panel of suppliers. Suppliers' operational and financial performance is monitored on an ongoing basis so that any restructuring and protection measures that may prove to be required in order to achieve security of supply (quantities and costs) can be successfully taken. Within

this context, Faurecia's purchasing teams help suppliers to expand and to reduce their risks on both an industrial and a financial level, in particular, by providing operational support to improve their efficiency, quality, logistics, and cost control by means of specialist teams working with suppliers on their own premises. These teams also support suppliers in their international expansion. In addition, any new order placed with a supplier is the result of a Sourcing Committee decision following an investigation which includes an assessment of the risks associated with said supplier and supplier panel policy is, furthermore, monitored by a specialist product family purchasing organization.

Quality is also subject to specific management and related risks are assessed using specific indicators covered in monthly reports and improvement plans as described in Section 9.4.4.2 of this Registration Document.

The Group also uses a forward management method (five-year plan, yearly and half-yearly budget, monthly reviews) which enables it to fine-tune its means of production.

The variety of its customer and product mix and the diversification of its geographic locations is also a significant means of moderating this risk.

4.1.6. RISK RELATED TO THE USE OF IT SYSTEMS

Identification of risk

The business processes related to orders, supplies and invoicing are supported by the central ERP (SAP based) for most of the Group's entities. These processes are formalized within procedures that are reviewed regularly for the purpose of continuous quality improvement. The tasks must be separated to ensure the safety of the process and the inherent risks.

- implementation of a computerized purchase order validation process at several levels depending on the amount concerned;
- centralized management of supplier standards by a specific team using a validation process with several stages;
- strict separation of the tasks between the different stages of these processes, which is continuously controlled using a dedicated tool to both prevent and detect anomalies.

Risk management

In order to cover the potential risks of deviation from these processes, numerous controls have been implemented, such as:

- management of access rights based on an identity management solution including a validation process for requests and a related audit trail;

4.1.7. RISK RELATED TO THE COMPANY'S EXTERNAL GROWTH STRATEGY

Identification of risk

As part of its external growth policy, Faurecia has made, and may make in the future, acquisitions of varying sizes, some of which have been and may be significant on a Group-wide scale.

These acquisitions entail risks, such as:

- the assumptions of the Business Plans on which valuations are made may prove incorrect, especially in respect of synergies and assessments of market demand;
- Faurecia may not succeed in integrating the acquired companies, their technologies, product ranges and employees;
- Faurecia may not be in a position to retain some key employees, customers or suppliers of the acquired companies;
- Faurecia may be forced or decide to terminate pre-existing contractual relationships with costly and/or unfavorable financial conditions; and
- Faurecia may increase its debt with a view to financing these acquisitions or refinancing the debt of the acquired companies.

As a result, the benefits expected from future acquisitions or those already made may not be confirmed within the expected time frames and/or levels and, consequently, may affect the Faurecia group's financial position.

The main acquisitions made by the Group over the last few years are described in Section 11.4 of this Registration Document.

Risk management

The Board of Directors determines the Group's overall strategy. The Executive Management oversees this strategy and allocates the resources required for its implementation.

The team responsible for Business Development, which reports to the Group's Executive Vice-President responsible for strategy is very closely involved in the life of the entities resulting from growth operations (joint ventures, acquisitions) and so takes part in decision-making bodies.

Faurecia also sets aside any provisions that may prove to be required under applicable accounting standards, in particular, for the depreciation of assets.

4.1.8. INTERNATIONAL NATURE OF BUSINESS ACTIVITIES

Identification of risk

Due to the international nature of its business activities, Faurecia is exposed to economic, political, fiscal, legal and other types of risks.

The Group's sales are mostly generated in Europe, North America and Asia. The geographic breakdown of sales is provided in Note 4.4 to the consolidated financial statements.

The Group's activities are exposed to certain risks, including:

- any potential changes to laws or regulations, or to the commercial, monetary or fiscal policies;
- customs regulations, foreign exchange controls, investment restrictions or requirements or any other constraint such as

levies or other forms of taxation on settlements and other payment; and

- difficulties in enforcing agreements, collecting payments due and protecting property through foreign legal systems, in particular, where intellectual property protection is less stringent.

Risk management

The Group relies on the expertise of its Legal, Tax and Finance departments which permanently monitor legislation and regulations in France and abroad via local intermediaries (employees, networks of lawyers, tax specialists, etc.).



4.1.9. COMPETITIVENESS

Identification of risk

The global automotive supply sector is highly competitive. Competition is based mainly on price, technology, quality, delivery and customer service as a whole. There are no guarantees that Faurecia products will be able to compete successfully with those of its competitors. Supply contracts are mostly awarded through competitive bids which take the form of Requests for Quotation (RFQ), and are often subject to renewed bidding when their terms expire.

Without prejudice to Faurecia's ranking, the three main competitors by Business Group are as follows:

- **Faurecia Seating:**

- Adient (UK), company listed in the United States, a result of the split of Johnson Controls International,
- Lear Corp. (United States), company listed in the United States,
- Magna International Inc. (Canada), company listed in the United States and Canada;

- **Faurecia Interiors:**

- Yanfeng Automotive Interiors (YFAI) (China),
- IAC (International Automotive Components) (United States),
- Grupo Antolin (Spain);

- **Faurecia Clean Mobility:**

- Tenneco (United States), a listed company in the US,
- Eberspächer (Germany),
- Boysen (Germany).

Risk management

Innovation and product development represent major challenges for Faurecia and enable it to remain competitive. As a result, gross R&D expenditures totaled €1,021.5 million in 2016 (5.5% of net sales). The share of innovation grew over the same period. It amounted to €120 million.

More than 6,000 engineers and technicians based in 30 centers represent the Group's global R&D community. Five hundred patents were filed in 2016.

In addition, each Business Group monitors the competition on an ongoing basis so that it can respond in the best possible way to calls to tender from automakers and, in particular, to their specific demands for the supply of complex equipment.

4.2. Financial and market risks

Given its level of debt, the Group is exposed to significant risks related to liquidity and changes in interest rates. It is also exposed to currency risks as its production sites are located in a large number of countries outside of the euro zone. Faurecia's counterparty risk in relation to its derivatives is not significant as the majority of its derivatives are set up with leading banks

with strong ratings that form part of its banking pool. The Group Finance and Treasury department authorizes any new banking relations and the opening of accounts.

Generally, interest rate and currency risks are managed centrally for the Group as a whole by the Group Finance department.

4.2.1. INTEREST RATE RISK

Identification of risk

Rate risk results from interest rate changes, particularly the impact of a rate hike on the variable portion of the debt which would be reflected by a rise in finance costs.

Risk management

Faurecia manages hedging of interest rate risks on a central basis. Said management is implemented through the Group Finance and Treasury department, which reports to Group Executive Management. Hedging decisions are made by a Finance Committee that meets on a monthly basis.

As a significant part of the borrowings (syndicated credit facility (when drawn), short-term loans, commercial paper as applicable) are at variable rates. The aim of the Group's interest rate hedging policy is to reduce the impact on earnings

of changes in short-term rates. The hedges arranged comprise mainly euro denominated interest rate swaps. These hedges protect some of the interest payable in 2017 and in the first quarter of 2018 against a rise in rates. The Group's interest rate position based on the nature of the instruments used and the sensitivity of interest expense to short-term rates are disclosed in Note 30.2 to the consolidated financial statements.

Before taking into account the impact of interest rate hedges, 20.0% of the Group's borrowings were at variable rates as of the end of December 2016, compared with 28.1% as of year-end 2015. The variable-rate debt primarily consists of short-term debt.

The main components of the fixed rate debt are:

- bonds maturing in June 2022, issued in March and April 2015 for a total amount of €700 million;
- bonds maturing in June 2023, issued in April 2016 for a total amount of €700 million.

4.2.2. CURRENCY RISK

Identification of risk

Faurecia is exposed to risks arising from fluctuations in the exchange rates of certain currencies, particularly due to the location of some of its production sites, as well as the fact that certain subsidiaries purchase raw materials and other supplies or sell their products in a currency other than their functional currency.

The Group is also subject to currency risk linked to the contribution of the subsidiaries, whose accounting currency is not the euro, to the consolidated results of the Group. The sales,

results and cash flows of these subsidiaries, when converted into euros, are sensitive to fluctuations in their accounting currency against the euro.

Risk management

Note 30.2 to the consolidated financial statements gives the description of the underlying currency positions and the derivative instruments hedging them, as well as the sensitivity of the Group's net income and shareholders' equity to fluctuations against the euro of the various currencies to which it is exposed.



4.2.3. LIQUIDITY RISK

Identification of risk

To finance its investments and its other cash requirements, Faurecia is obliged to access finance sourced from both financial institutions and financial markets.

Risk management

During the 2016 fiscal year, Faurecia continued to reinforce the financial solidity and financing sources.

CONVERSION OF CONVERTIBLE BONDS

On December 7, 2015, Faurecia announced its intention to reimburse at par value on January 15, 2016 the OCEANE bonds issued in September 2012, with a principal amount of €250 million, maturing on January 1, 2018. Following this announcement, 94.5% of the OCEANE bonds have been converted as of December 31, 2015, and the principal amount of remaining bonds outstanding at this date was €13.7 million. As of January 15, 2016, almost the entire amount has been converted and the residual nominal of €0.2 million has been reimbursed.

2023 BONDS

On April 1, 2016, Faurecia issued bonds for an amount of €700 million due June 15, 2023, carrying annual interest of 3.625%, payable on June 15 and December 15 each year, as from June 15, 2016.

They are also listed on the Irish Stock Exchange (Global Exchange Market). The costs related to the bond issue are expensed in P&L over the life time of the bonds.

As is noted in Note 26.3 to the consolidated financial statements, as of December 31, 2016, Faurecia was compliant with the financial ratio required by the syndicated credit facility:

Ratio	Carrying amount as of 31/12/2016
Net debt*/EBITDA**	< 2.50 0.21

* Consolidated net debt.

** Operating income plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past 12 months.

In addition to the above-described bank and bond debt, part of Faurecia's liquidity requirements is met through receivables sale programs. Cash from receivables sold came to €1,047.5 million as of December 31, 2016 (see Note 18 to the consolidated financial statements), including €1,045.9 million from receivables that were sold and derecognized (see Note 18 to the consolidated financial statements).

Lastly, Faurecia regularly issued commercial paper to investors, mainly in France, particularly during the first half of 2016.

In addition, the disposal of the Automotive Exteriors business to Plastic Omnium, for an enterprise value of €665 million, was finalized on July 29, 2016.

On March 15, 2016, Moody's raised Faurecia's rating by one notch from Ba3 to Ba2, while maintaining a positive outlook.

On April 11, 2016, Fitch Ratings also raised the rating by one notch from BB- to BB, with a stable outlook.

As of December 31, 2016, Faurecia had diversified funds with staggered maturities until 2023. On that date, the average weighted maturity of the Group's main long-term financial resources (the bonds maturing in 2022 and 2023, the syndicated credit facility and the other main long-term borrowings), is 5.2 years.

Thus, in view of the Group's current situation, and notwithstanding the possible future consequences of any deterioration in its operations or outlook, Faurecia does not believe itself to be exposed to significant liquidity risk.

4.2.4. RISK RELATED TO RAW MATERIALS

Identification of risk

The Group is exposed to raw material risk via its direct raw materials purchases or indirectly through components purchased from its suppliers.

The Group's operating and net income can be adversely affected by changes in the prices of the raw materials it uses, notably steel and plastics.

In 2016, plastics and steel accounted for approximately 8.3% of the Group's total purchases.

To the extent that the Group's sales contracts with customers do not include systematic price indexation clauses linked to the price of its raw materials, Faurecia is exposed to risks related to unfavorable fluctuations in raw material prices.

Risk management

Efforts are made to reduce this exposure by continually negotiating conditions with customers and strictly managing inventories. Faurecia does not use derivatives to hedge its purchases of raw materials or energy.

Faurecia still has a low level of exposure to this risk however, since a large proportion of the raw material price fluctuation is passed on to customers on a "pass through basis". Faurecia's remaining exposure is, therefore, around 30% of the total raw materials exposure.

A 10% fluctuation in the price of raw materials, not including component purchases, would have a 0.2% impact on operating income (expressed as a percentage of total sales).



4.3. Legal risks

4.3.1. LITIGATION

Identification of risk

As a reminder, on March 25, 2014, the European Commission and the Department of Justice of the United States of America and on November 27, 2014, the Competition Commission of South Africa, initiated an enquiry covering certain suppliers of emission control systems on the basis for suspicions of anti-competitive practices in this segment. Faurecia is one of the companies covered by these enquiries. These enquiries are ongoing.

On March 24, 2016, two class actions were filed in the United States District Court for the Eastern District of Michigan against several suppliers of emissions control systems, alleging anticompetitive practices in regard to Exhaust Systems, and seeking unspecified amounts of civil damages. Faurecia Emissions Control Technologies US, LLC, is one of the companies named as defendants. Faurecia S.A., initially named as an additional defendant, was dismissed from these two class actions further to a Court decision rendered on March 21, 2017. In addition, on November 9, 2016, a third class action was filed in the same District Court.

Except for the Competition Authorities' enquiries and the class actions mentioned above, as of the date of this Registration Document there were no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group was aware) likely to have, or have had a significant impact on the Group's financial position or profitability in the past twelve months.

In its decision of December 18, 2014, the Enforcement Committee of the French Financial Markets Authority (AMF) considered that Faurecia S.A. and its Chairman and CEO, Mr. Yann Delabrière, had failed to meet certain obligations defined in Articles 223-1, 223-2 and 223-10-1 of the AMF General Regulation pertaining to information related to the Company's objectives for 2012. On the basis of Articles L. 621-15 (paragraphs II (c) and III (c)) of the French Monetary and Financial Code, the AMF fined Faurecia S.A. and its Chairman and CEO, Mr. Yann Delabrière, €2 million and €100,000, respectively. On February 26, 2015, Faurecia S.A. and Mr. Yann Delabrière, supported by the Board of Directors of

the Company, lodged an appeal against this decision with the Paris Court of Appeal. In a ruling rendered on June 30, 2016, the Paris Court of Appeal, considering that the decision did not enable an assessment of the proportionality of the fine, decided that the financial penalty imposed on the Company should be overturned and, as a consequence, reduced to €1 million. As regards Mr. Yann Delabrière, the Paris Court of Appeal found no evidence of personal wrongdoing and maintained the penalty solely in his capacity as legal representative of the Company. On August 22, 2016, the Company and Mr. Yann Delabrière lodged a further appeal against this ruling before the French Supreme Court. The proceedings are currently pending before this Court.

Faurecia believes that, in view of the nature and amounts of the claims and litigation that were known or in process at the date of this Registration Document, such disputes would not materially affect its consolidated financial position in the event of an unfavorable outcome.

However, Faurecia cannot guarantee that in the future Group's subsidiaries will not be involved in legal, administrative, or regulatory proceedings, particularly in view of the complex regulatory requirements applicable to the Group; technical failures, or breaches of contract by customers, suppliers or partners.

Situations such as those described above could have a significant unfavorable impact on the Group's operations and/or financial position.

Risk management

Litigation is monitored through quarterly reports prepared by the Legal department.

Adequate provisions have been set aside to cover litigation facing the Group, in accordance with the facts and information available at the balance sheet date. Note 24 to the 2016 consolidated financial statements gives a description of claims and litigation currently in process and indicates the total amount of provisions for litigation.

4.3.2 RISK RELATING TO REGULATORY CHANGE

Identification of risk

Faurecia is exposed, in each country where the Group is present, to any potential changes to applicable laws and regulations.

In this respect, Faurecia benefits in France from the specific regime of tax credits based on the research and development activity conducted in the country. Faurecia cannot be sure that such tax provisions will be maintained in the future.

Risk management

As indicated in Section 4.1.8, the Group relies on the expertise of its Legal, Tax and Finance departments which permanently monitor legislation and regulations in France and abroad via local intermediaries (employees, networks of lawyers, tax specialists, etc.).

4.3.3. INDUSTRIAL PROPERTY RISK

Identification of risk

The Group cannot rule out the risk that its third-party intellectual and/or industrial property rights may not be published or identified to date, or may be disputed by a third party on the grounds of pre-existing rights or for any other reason. Furthermore, for countries outside France the Group ensures that it holds or obtains intellectual and industrial property rights offering the same level of protection as those in France. The same holds true regarding respecting the intellectual and industrial property rights of third parties.

Risk management

Faurecia's proactive research and development policy allows the Group to be at the root of its own innovations and control the patents protecting them. Where possible and when justified

by strategic technological considerations, Faurecia registers patents to protect the intellectual property relating to innovations and developments from Group's research.

Faurecia also considers that its products, modules or systems face a limited and perfectly reasonable risk concerning third-party intellectual and industrial property rights. This is primarily due to the Company's policy aimed at obtaining industrial property rights, its specialized services, and its network of experts. No technological dependence was identified. Faurecia uses third-party patents under license in the normal course of business. None of these licenses represent a major industrial or financial risk.

Faurecia considers that it either owns or may validly use all the intellectual and industrial property rights required for its business operations and that it has taken all reasonable measures to protect its rights or obtain guarantees from the owners of third-party rights.



4.4. Industrial and environmental risks

Identification of risks

As with any industrial activity, the Group's sites are exposed to various risks: fire, explosion, natural disaster, systems failure, pollution, non-compliance with regulations or stricter regulations applicable or other factors. These types of events may result in the Group incurring additional costs and/or capital expenditure to remedy the situation, to comply with regulations and/or as a result of any fines.

Risk management

Faurecia conducts surveillance and monitoring of its environmental risks as described in Section 9.4 of this Registration Document.

As Faurecia does not have any captive insurance entities, its system for safeguarding assets is based on the implementation and ongoing adaptation of its risk prevention policy and, as described in Section 4.5, its strategy of transferring its principal risks to the insurance market.

4.4.1 ENVIRONMENTAL RISK

Identification of risk

Considering its industrial activity, Faurecia cannot exclude the risk of pollution affecting the environment (soil, water, air).

Risk management

The Group is focused on managing the environmental impact of all its sites, from the planning phase right through to day-to-day on-site operations.

HUMAN RESOURCES

Environmental policies are defined and deployed by the HSE (Health, Safety and Environment) departments for each Business Group. To accomplish their mission, these departments have established a network of HSE Managers for each Division (mainly on a geographical basis), along with HSE coordinators within each Faurecia site. These coordinators bring their expertise to the factory management team, are responsible for implementing procedures, and ensure compliance with regulations and Faurecia standards. This organization also enables good practices to be applied across all sites within a single Business Group and/or across the three Business Groups. In some cases, this feedback can lead to Group regulations.

FINANCIAL RESOURCES

The amount of investment in environmental protection, noise reduction and equipment upgrades reported by establishments is available in Section 8.1.2.1.

METHODOLOGY

Environmental risk analysis and control are based on ISO 14001. Figures for ISO 14001 certified sites are available in

Section 8.1.2.1 of this Registration Document. Regular audits by the Internal Auditors and accredited testing laboratories, such as SGS, provide assurance that the environmental management system is properly applied.

On account of their industrial nature, the Group's sites and operations are subject to environmental and safety laws and regulations, as well as to the possible interpretation of such laws and regulations by various authorities and jurisdictions, in the various countries where it operates. Such authorities and jurisdictions are imposing increasingly stringent obligations, restrictions and protective measures in relation, amongst other things, to atmospheric emissions, waste water, the use and handling of hazardous products, waste disposal and pollution control. Each site has to obtain permits, licenses and/or authorizations or provide prior notifications (for example, in France, in application of legislation on classified installations for environmental protection).

Faurecia's installations must comply with such permits, licenses or authorizations and are subject to regular inspections by the relevant authorities.

Since 2012, Faurecia carefully assesses the environmental impact of its industrial projects, by systematically conducting environmental audits and subsoil investigations when appropriate. Furthermore, in the context of industrial restructuring resulting in plant closures, the Faurecia group systematically assesses the environmental impact and carries out a soil and subsoil investigation when appropriate. In any event, Faurecia ensures that sites are restored in accordance with local laws and the future use of the land.

With regard to the environmental risks associated with chemicals, the Group more than complies with regulatory requirements, in particular, with regard to the handling, storage, use and removal of the products in question. Under the new EU regulatory framework for the Registration, Evaluation and Authorization of Chemicals (REACH), which came into effect on

June 1, 2007, the Group is principally a "downstream user". It works in conjunction with automotive industry subcontractors within federations or associations such as the European Association of Automotive Suppliers (CLEPA) or the French Alliance of Automotive Suppliers (FIEV). This point is discussed

in Section 8.1.1. "Faurecia's products and the environment" of this Registration Document.

The amount of the provisions for environmental risks are indicated in Section 8.1.2.7 of this Registration Document.

4.4.2 FIRE RISK/EXPLOSION

Identification of risk

Due to its business, the Group's plants are exposed to fire risk, mainly linked to the presence of combustible materials (plastic, foam).

Risk management

Faurecia's industrial risk prevention policy aims to reduce accidents caused by fire and to encourage Group sites to achieve excellence in fire safety by obtaining the Highly Protected Risk (HPR) label from Faurecia's insurer.

The HPR policy is based on the following priorities:

- fire safety audits conducted by the Group's insurer on an annual basis; 109 sites were audited in 2016, 37 of which were new sites. 91% of active sites have already been subject to an audit.

The sites that have not yet been audited are recent sites that will be audited in 2017. 54% of the audited sites are classified as HPR or pre-HPR, which covers 66% of total capital;

- incorporating fire safety factors into the early stages of any plant design or major refurbishing of existing sites, through fire partitioning and ensuring that adequate fire safety equipment, such as extinguishers, is available;
- analysis and assessment of feedback, fires or simple outbreaks of fire are systematically analyzed and the results of this analysis shared with the plants' HSE network;
- an intranet-based fire safety management system, through which the HPR policy is relayed to the entire Group by placing technical specifications, experience-based information and best practices online;
- a single data platform to manage all audit reports, action plans for improvement, and the audit program in the same place.

4.4.3 RISKS LINKED TO CLIMATE CHANGE

Identification of risks

Among the risks associated with climate change, Faurecia cannot, because of its international scope, rule out the risk of exposure of its industrial facilities to extreme climate phenomena (flood, hurricane, storms, etc.). Among the sites within the reporting scope, 57 production sites have been identified as located in a potential flooding zone, three sites are located in a very strong wind zone (zone 3: 213-251 km/h) and one site is located in a very high seismic activity zone.

As its processes do not consume large quantities of water, Faurecia does not consider the risk of drought to be material for its business. Figures on water consumption, in particular the breakdown between water used for processes and for sanitation, are available in Section 8.1.2.4 of this Registration Document.

Risk management

The prevention of natural risks is integrated with the Group's overall industrial risk prevention policy, aiming to reduce accidents linked to natural disasters in partnership with our insurer.

All of the existing industrial facilities are covered by an exposure diagnosis conducted with the technical support of the Group's insurers and reinsurers. The most exposed sites in terms of flooding and seismic activity are the subject of a specific audit by technical experts (partnership with Allianz for the flooding risk and with AXA for the seismic risk): five flood risk audits were carried out in 2016. The purpose of these audits is to define the risks and identify the technical and organizational actions that need to be implemented. The setting up of mitigation



measures (emergency plan, process safety, building safety, etc.) is monitored at Group level with a "mitigation index".

Since 2014, Faurecia systematically checks the exposure of its industrial projects. The natural risks profile of a site is one of the criteria taken into account when deciding on a new location.

In July 2016, Faurecia set up a real-time and around-the-clock hydro-meteorological monitoring system covering all of

its industrial facilities. This support service, provided by the company Predict Service, warns sites of coming events via real-time e-mail or SMS alerts. Depending on the alert level, a series of reactions is defined in action sheets so that appropriate measures are taken to prepare for the event and to ensure the safety and resilience of employees. Over the reporting period, 30 alerts were issued, with no on-site injury.

4.5. Insurance and coverage of risks

4.5.1 FIRE, PROPERTY DAMAGE AND BUSINESS INTERRUPTION INSURANCE

Faurecia has taken out a fire, property damage and business interruption insurance policy with a co-insurance group of major insurers led by Allianz. On July 1, 2016, a 5% decrease in rates was obtained and the conditions were extended until July 1, 2018. In 2016, the Group paid approximately €6.8 million (inclusive of all tax) for property, casualty and business interruption insurance. This amount was down due to the combined effect of the lower rates and the disposal of the bumpers business.

The coverage for buildings and equipment is based on replacement value. Coverage is organized around a Master policy, which includes direct coverage for the freedom of services area, with local policies for subsidiaries in countries located outside this area. Special coverage has been set up to cover specific risks in certain countries.

Since July 2010, the premiums applicable to the capital at risk (direct loss and annual gross margin) are directly dependent on the HPR classification given to the site following an audit by the insurance company.

In 2015, several moderately serious claims were filed for an estimated total of around €6.2 million: fire and machinery breakdown in an American factory, a client default claim due to flooding in Chennai (India) in December. There was no significant claim in 2016.

Damage insurance is supplemented by builder's risk insurance and insurance covering the transportation of goods or equipment and political risk.

4.5.2 LIABILITY INSURANCE

Since January 1, 2013, the AXA group has been Faurecia's primary liability insurer. Liability insurance covers operating liability, product liability after delivery, including the risk of product recall. Liability insurance takes the form of a "Master" policy combined with local policies taken out in countries where Faurecia has subsidiaries.

Several claims were filed in the United States and in Europe in 2014 and 2016. These claims, which are still being processed, affected the terms and conditions of the liability insurance program.

The Groups' liability insurance schedule also includes specific policies such as environmental liability insurance and coverage of liability for damages resulting from accidents caused by employees' occupational illnesses.

In 2016, the Group paid approximately €6.8 million (inclusive of all tax) in premiums for its civil liability policies.

5

The Group's Human Resources policy and social policy

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5.1. Safety in the workplace

Safety in the workplace is one of the key elements of the excellence initiative embodied by the Faurecia Excellence System (FES). It forms part of the personal respect requirement which every facility must satisfy. Faurecia's policy on health and safety in the workplace is based on two main objectives: safeguarding the health of its employees and improving their safety while at their place of work.

Thanks to Faurecia constant commitment to enhancing occupational safety and working conditions, Faurecia has consistently reduced the number of work-related accidents since 2003. To speed up this change, in 2010, Faurecia launched a breakthrough safety plan which, in two years, enabled it to achieve its highly ambitious objective of reducing the frequency of work-related accidents with lost time per million working hours by two thirds.

5.1.1. WORKPLACE SAFETY INDICATORS

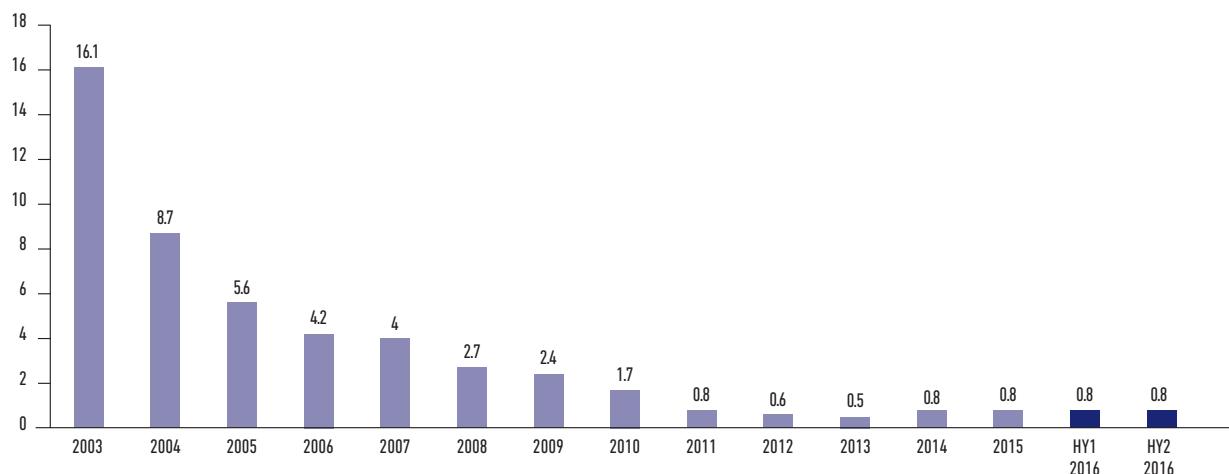
The change in the frequency rate of work-related injuries is analyzed in order to measure the effectiveness of actions carried out in this area. To guarantee the same level of workplace safety for all employees, temporary workers are included in the same manner as permanent staff in the following indicators:

- the Group's excellence indicators are FR0t and FR1t. FR0t measures the number of work-related accidents involving a Faurecia employee or temporary worker, with lost time, per million hours worked. FR1t measures the number of work-related accidents involving a Faurecia employee or temporary

worker, with or without lost time, per million hours worked across the Group. Both indicators are calculated on a rolling six-month basis.

After each FR0t and FR1t accident, a Quick Response Continuous Improvement (QRCI) analysis is performed using a problem-solving method based on the best practices in terms of solving quality problems to ensure that the root causes of the accident are understood, that corrective actions have been effective and that preventative measures are implemented and shared across the various sites.

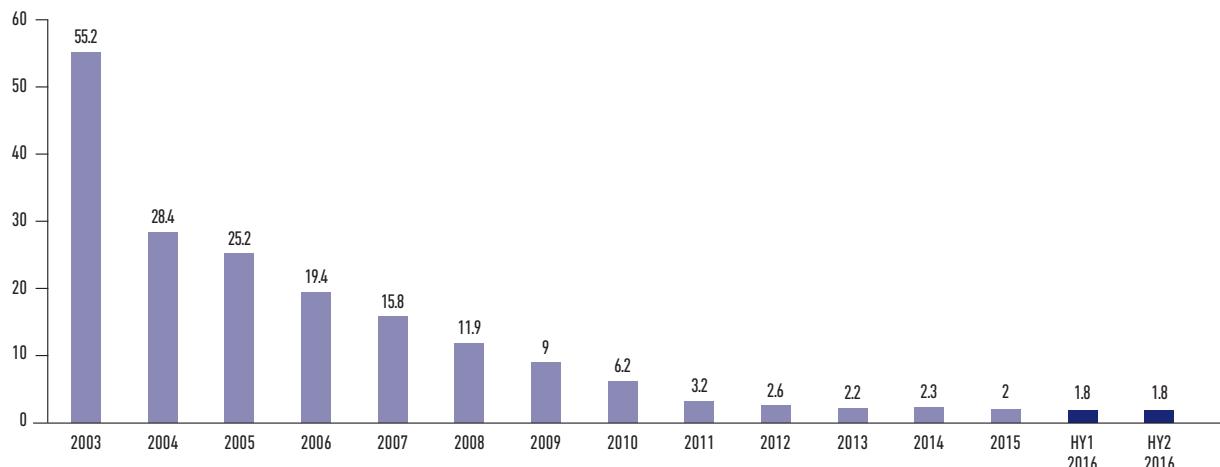
NUMBER OF ACCIDENTS RESULTING IN LOST TIME PER MILLION HOURS WORKED (FR0t)



The rates shown above, calculated on a rolling six-month basis, indicate the accident incidence rates approved as of the end of each fiscal year. For 2016, the results for the first and second half of the year are shown separately.

In 2016, the Faurecia group achieved its objectives regarding accidents with lost time, i.e. a FR0t of 0.8 (the indicators have been divided by three since 2009).

NUMBER OF ACCIDENTS WITH, OR WITHOUT LOST TIME PER MILLION HOURS WORKED (FR1t)



An FR1t of 1.8 was obtained in 2016, representing an improvement of 80% since 2009.

The rates shown above, calculated on a rolling six-month basis, indicate the accident incidence rates approved as of the end of each fiscal year. For 2016, the results for the first and second half of the year are shown separately.

- In its plants, Faurecia also monitors the FR2t indicator. This indicator measures the number of first aid procedures performed following an incident per million hours worked. This monitoring enables plants that have few accidents, with or without lost time to focus on accident prevention and relevant priorities.

- In 2016, the Group did not report an accident severity indicator because its priority was accident prevention.
- The monitoring of first aid concerns all autonomous production units, combined with application of the QRCI problem-solving method. This has enabled production managers to take greater responsibility for accident investigations and to increase their responsiveness.

5.1.2. SAFETY INITIATIVES FOR SAFER OPERATIONS

Faurecia has fully integrated specific measures from its 2010 breakthrough safety plan into its practices.

It offers its employee network (including temporary employees) HSE (Health, Safety, Environment) training in the thirteen mandatory HSE rules and the thirteen HSE logistics recommendations within special company training programs. The training includes well-targeted theory and practice modules with practical scenarios which allow employees to learn or improve their knowledge of the HSE rules.

As a reminder, the purpose of the Breakthrough Safety Plan is to reduce the number of work-related accidents and serious HSE alerts following work-related accidents by providing training in the Group's various mandatory HSE rules as well as in monitoring the application of these rules.

Faurecia has defined 13 mandatory personal safety-related HSE rules. These rules have been deployed at all Faurecia sites.

Any plant reporting a serious HSE alert or an abnormally high work-related accident rate was audited by the Group's Quality department. An unsatisfactory audit result (level D) systematically results in a report being sent to the Group's Chief Executive Officer. No site has been on level D since the end of 2011. Faurecia ensures that these rules are applied at all the other sites by means of FES production audits.

Applying these 13 rules has made it possible to significantly reduce the number of serious HSE alerts and to achieve the FR0t objective.

In addition to the 13 mandatory HSE rules, Faurecia defined 3 rules on personal protection equipment (3PPE) for all Group sites. The application of these rules and their monitoring via FES production audits is speeding up the rate of reduction of work-related accidents not resulting in lost time (FR1t).



A film has been made about the 13 mandatory HSE and the 3 PPE rules so as to raise awareness among Faurecia employees. This film, with the help of practical scenarios demonstrating the different rules, is also intended for FES training for managers and was notably used in Europe, North and South America and Asia. In particular, these training courses focused on learning about HSE QRCI.

Three mandatory HSE rules apply to the control of non-production operational risks. The first two cover consignment operations (stopping processes, locking and draining energy and blocking gravitational energy), the third requires the application of a "Personal ID" label when working with equipment. This prevents machines being restarted by others, the owner of the personal ID label being the only person entitled to remove it from the machine.

Four rules apply to the protection of personnel during production operations. They cover protection against access to moving parts of machines through the establishment of protective devices such as light curtains, safety mats, radars and fixed barriers. The plant must ensure that the failure of one component of the safety loop will stop the machine automatically. Protective equipment is tested before production begins. If the protective equipment has any faults, the machine must not be used.

The other rules focus on the prevention of falls, finger pinch point injuries, traffic accidents, the bursting of hydraulic circuits, and fires and explosions.

The three rules related to protective equipment require the wearing of helmets during maintenance operations, gloves and cut-resistant sleeves when using cutting elements or handling metal, and thermal protection when working with hot materials. These rules also make it mandatory to wear ear protectors in noisy environments.

Furthermore, each Faurecia plant defines, on an individual basis, the personal protection equipment to be used by its employees or visitors. Faurecia safety footwear and clothing is mandatory in nearly all the plants. Ear protectors are mandatory in plants with high noise levels, as well as, in most cases, safety glasses.

Faurecia further pursues its fire safety initiatives, particularly with the installation of sprinklers. In doing that, the Group not only ensures the safety of its staff, but also reduces the risk of production downtime due to fire.

The analysis of accidents has shown that many are related to work outside the standard production process. For this reason, the plants will now systematically review potential risks for this type of work.

The analysis also showed a relative weakness in logistics areas (58% of the accidents were due to standards not being deployed or correctly respected, and most of the other accidents were mainly due to the absence of risk detection). As a result, Faurecia developed 13 strict HSE recommendations. Five of these relate to plant safety, four to the safety of machine operators, two to vehicles and the last two relate to pedestrians. The Faurecia group has been monitoring the application of these 13 rules in all of its plants. In 2016, deployment began of a new training module intended for the logistics teams.

The actions concerning the safety of contractors (including subcontractors) working at high levels were maintained. The contractor and subcontractor requirement levels have been raised and now require risk assessment, training and verification. A risk assessment is conducted with the contractor in order to detect all risks and devise preventive measures. Contractors are asked to guarantee that all employees (including temporary staff) carrying out tasks at high levels have been trained and are fully qualified. Each contractor must appoint a security manager who will guarantee that all measures devised during the risk assessment are applied and adhered to. As a result, only the contractors who have followed this process are authorized to work on the roofs at Faurecia plants.

As an indication, in 2016, two major actions were implemented within Faurecia Seating:

- the TRUST approach: TR for Training; U for Understanding (verification of the understanding of the training received); ST for Supervision of the Teams (verification that the teams effectively apply the training received while offering the possibility to report anomalies to Management);
- the requirement levels have been raised. Safer and more robust procedures have been deployed to secure the consignment operations and prevent any drift in their implementation.

Within the Faurecia Interiors Business Group, and following several fire starts, the implementation of a comprehensive breakthrough plan to reduce this risk. The two main actions of this plan relate to the reinforcement of the reaction rules and the rules for increasing the safety of machinery.

5.1.3. ERGONOMICS AND WORKING CONDITIONS

Most occupational illnesses reported by employees involve musculoskeletal disorders. To reduce this, Faurecia has taken steps for several years to take the strain caused by workstations into greater consideration and to remedy the situation as much as possible.

Ergonomic reviews of workstations form part of the FES and the Group systematically carries out audits at each of its manufacturing sites on an annual basis.

As a result of these reviews, a variety of solutions have been implemented for manufacturing workstations. The reviews are also used to prepare a list of recommendations that are systematically taken into account during the design of products and manufacturing tools. A number of recommendations from professional ergonomists and Group HSE coordinators are being factored into the Program Management System (PMS).

All of the Group's operations managers and plant managers have been given training in ergonomics as part of the acceleration of the deployment of the FES, which was launched during the

second half of 2009 and continued in subsequent years. The goal of this program is to ensure that these managers play a real leadership role in the continuous improvement process, notably for ergonomics-related issues.

An "Ergonomics" memorandum is available to all Group process engineers and managers in charge of efficiency in manufacturing systems, to provide additional information on analyzing workloads and how to take into consideration the ergonomic constraints of workstations. This memorandum is aimed at providing basic training in this area for people such as members of Health and Safety Committees, who are involved in organizing work schedules or designing workstations.

Within the Faurecia Seating Business Group a new ranking software tool was deployed in 2016 for analyzing dangerous gesture and their impact on workplace strain (*AGREPT – Analyse des Gestes à Risque et leur Effet sur la Pénibilité au Travail*). This software simplifies the rating actions for ergonomists while facilitating the consolidation work at Division and Business Group level.

5.2. Skills development

Faurecia's employees progress within a meritocratic environment where their advancement is dependent on their potential and performance. The Group's growth and development is directly dependent on the commitment levels and skills of its teams and its capacity to set up the best teams of managers and experts, on a worldwide level. Effective management of Human Resources

is, therefore, right at the heart of Faurecia group strategy and is based on three principles: involvement, performance and development. Internal promotion is a key priority. It is based on individual development and makes it possible to capitalize on automotive know-how, expertise and a high level of customer insight.

5.2.1. BEING FAURECIA

Faurecia has inherited a long tradition of technological innovation and manufacturing excellence, although it was created in 1997. Since then, the Group has grown rapidly both organically and through major acquisitions. It is now one of the top global automotive suppliers and employs more than 98,000 people in 33 countries.

During this first phase of its history, the Group has focused on developing systems and processes necessary to ensure that it provides the same level of quality and operating performance to all of its customers around the world.

The Group has now entered a new phase of development, characterized by steadier growth and a greater emphasis on value creation.

With this in mind, in 2016 the Faurecia group continued to deploy its cultural transformation program known as "Being Faurecia", launched in 2014, which aims to redefine the corporate culture and management model. The program seeks to create an environment that promotes an entrepreneurial spirit and autonomous operating teams. Furthermore, Faurecia has redefined its Human Resources development strategy, by revising and improving most of the HR development processes, while continuing to give priority to internal mobility.



Faurecia is positioning itself as a company that is focused on creating value, is customer-oriented, innovative and has management principles based on self-control, the pursuit of excellence and entrepreneurship.

The corporate values are now broken down into managerial values (entrepreneurship, autonomy and accountability) and behavioral values (respect, exemplarity and energy). The Group developed a Code of Management to encourage exemplary behavior within the organization. Relying on practical situations that managers face during their daily activities, this management guide defines the exemplary behavior that is expected from managers.

It has reinforced the decentralized organizational principles. It has also systematically reviewed the decision-making processes, significantly reduced their number and simplified their content in order to effectively increase the teams' self-sufficiency at various levels of the organization.

In 2016, new initiatives were launched within the framework of Being Faurecia. Particular attention has been paid to the

Corporate Training offer. All of the Leadership Development programs have been reviewed, and modules relating to Diversity Management and Compliance have been developed. In this context, the Group's digital training platform was extensively used. Lastly, a program for the development of collaborative working was launched to promote horizontal ways of working within the Company.

The second anniversary of Being Faurecia was celebrated at all Group sites. They have encouraged all staff to take on board the Group values and bear witness to the Group's strong commitment to the success of its cultural transformation.

Finally, in December 2016, a survey was conducted with a representative sample of managers in order to measure the level of adherence and commitment to Being Faurecia within teams. It will be followed by qualitative interviews and later workshops to identify actions to initiate in order to continue the development of Being Faurecia, as a cultural shift of this magnitude necessarily takes time.

5.2.2. TRAINING POLICY

5.2.2.1. Principles

Within the Group, training is considered a strategic investment. It is a key tool in the implementation of genuine continuous improvement, backed by the Faurecia Excellence System (FES). The training plans focus on ethics, integrity and improving results. In this context, training actions are favored, as are internal training programs.

As training is a tool for development, specific actions are implemented to encourage individual development and to increase team effectiveness.

Training also facilitates the development of the organizational structure and operational principles prevailing within the Group. In this context, the changes induced by the Being Faurecia strategy are gradually incorporated into the Group's training programs.

Lastly, training is a management tool. It is the responsibility of supervisors (identification of needs, communication with interested parties) and is implemented with the support of the Group's Human Resources network.

5.2.2.2. Priorities

The priorities identified in training plans are used to achieve the goals set for different business units. They are structured around the following themes:

- improving plant performance (safety, quality, costs and deadlines) and ensuring optimal production start-up;
- enhancing the attractiveness of customer offerings;
- increasing technological expertise in products and processes;
- increasing the professional qualifications of staff, fostering their career development and enhancing their employability;
- developing managerial skills in line with Faurecia's Leadership Competency Model;
- anticipating and managing identified skills requirements over the medium term;
- strengthening a shared culture focusing on value creation and entrepreneurial spirit, while respecting the fundamentals of Faurecia's internal codes (ethics and management), in particular compliance with competition law;
- ensuring the use of common working methods to increase efficiency;
- developing people's ability to work in an international context.

5.2.2.3. 2016 key figures

During 2016, the training provided throughout Faurecia represented approximately 1.6 million hours.

5.2.2.4. Focus on Faurecia University

2016 was an important development year for Faurecia University. In 2015, three campuses were established worldwide for the purpose of organizing training. The regional universities (North America and Asia) successfully deployed Corporate training and created specific programs dealing with regional issues. In addition to the team in Nanterre, these universities have dedicated teams and premises in Auburn Hills (Michigan) and Shanghai (China).

1. Role and responsibilities of Faurecia University

Faurecia University aims to assist with management development and offer a firm foundation for the cultural transformation the Company has embarked upon.

To this effect, Faurecia University assists managers throughout their careers by:

- ensuring their integration within the Group;
- helping them to acquire functional skills necessary for their professional growth;
- offering training to help them acquire and improve their managerial skills and to develop their leadership skills;
- preparing them for key positions (plant manager, program manager, R&D manager);
- preparing them in advance for taking on leadership responsibilities.

2. Mode of governance

Faurecia University has an Advisory Board comprising the members of the Group's Executive Committee. The Advisory Board met twice in 2016. In addition to these plenary meetings, the members of the Advisory Board have been closely involved in the development of the new programs, and more specifically the Leadership Development program which took off in 2016.

3. Substantially enhanced training offer

The Leadership Development offer was launched in 2016. It concerned over 700 managers in 2016. It covers a full range of leadership skills broken down by themes and levels of responsibility.

The DRIVE program, divided into two levels for managers and experienced managers, was developed around a modular architecture combining fundamental leadership modules and optional advanced modules. Its objective is the acquisition of leadership skills (team management methods, individual skills, etc.). This personalized and customizable program was

designed in collaboration with Impact International, a British firm known for its pedagogical innovations for enhancing leadership skills. It responds to the needs expressed in the individual development plans and is divided into nine multi-modal training programs. These multi-modal programs, combining e-learning, coursework, online classes and classroom training, were deployed across the Group in 2016, in Shanghai, Auburn Hills and Nanterre.

The IGNITE program for managers was developed in partnership with London Business School, based on the same architecture as DRIVE, and comprises a basic module focusing on "transformation" and advanced modules on innovation, team management and management of key personnel.

In 2016, Faurecia University also launched the "C3 Excellence" development offer ("Customer, Competitive, Commercial") intended for the sales function. During this training program, the participants are supposed to identify a strategic operational development project for the Company, to work in groups to develop the project, and subsequently to present a Business Plan to members of Senior Management.

In 2016, Faurecia University developed the digital dimension of its training offers, by creating the Learning Lab, an internal training platform open to all managers and professionals of the Group. The Learning Lab offers a varied and innovative learning experience. It tests users by means of a series of questionnaires and provides knowledge in the form of short, animated, dynamic and original videos. The Learning Lab can be used on various devices (PC, tablet and smartphone) and offers social (chat, forum) and entertainment (scores, leaderboard, learning battles) functions. The online courses of the Learning Lab explore the Faurecia fundamentals (FES, Program Management System, operations basics, gender diversity, ethics and compliance, etc.), leadership and management, as well as the new trends in the digital field. Over 13,000 managers and professionals took courses on the Learning Lab in 2016.

The Faur'us platform further adds to the collaborative and social dimension of this learning by offering the possibility of sharing collaborative and open work methods, thus providing access to rich and diverse knowledge and increasing the collective intelligence. Over 700 communities, involving over 10,000 employees daily, were active in 2016.

Lastly, in 2016 Faurecia University received awards for its training programs or training approaches:

- Silver Award for Best Digital Integration;
- Brandon Hall Silver Award for Drive Program;
- Carrefour Award for Best HR/Digital Team.

The Faurecia Automotive Seating, Faurecia Interiors and Faurecia Clean Mobility Business Groups rolled out training courses in technical academies dedicated to their specific products and processes.



5.2.3. EMPLOYEE EMPOWERMENT

The Group's success is closely bound up with its capacity to actively involve all its employees in their work on a day-to-day basis and to create effective and autonomous teams. Employee accountability is one of Faurecia's key performance levers and is also one of the mainstays of the Faurecia Excellence System.

Group employees follow development programs so as to be able to meet their responsibilities. Staff benefit from development opportunities enabling them to increase their level of responsibility, the aim being to constantly improve team skills.

Employees are also encouraged to make an active contribution to continuous improvement. Managers are trained in team leadership so as to be able to effectively support operational efficiency and individual employee development.

Plant Management Committees are key participants in industrial progress. On this basis, they help to make employee empowerment an operational reality and to assist in the deployment of FES tools in plants.

In 2016, a major revision of the training modules was undertaken to enhance the impact of the deployment of employee empowerment:

- the fundamentals of employee empowerment: this module is intended for Plant Management Committees. It aims to develop their role in the day-to-day management of teams by using the FES. The link between the seven basic principles

of employee empowerment and their impact on the business has been improved thanks to the use of digital tools. About 900 people benefited from this module in 2016;

- site Human Resources officers: this module aims to develop current and future Human Resources officers. Following the update of the module, it now focuses on strengthening the links between day-to-day responsibilities and employee empowerment. About 90 HR professionals benefited from it in 2016;
- a new "Mass Online Open Course" (MOOC) platform was launched in 2016. Within this framework, ten modules dedicated to employee empowerment were made available online. At the end of 2016, 1,000 employees had completed them.

In order to maintain a strong improvement momentum within the Company, the employees are encouraged to express their ideas for improvement based on their daily experience. The number of ideas for improvement acted upon remained stable at 13.5 per employee in 2016.

Furthermore, 35% of supervisors at Faurecia have a level of education equivalent to a Bachelor's degree or higher. This is in line with the Group's objective of recruiting young graduates to have sufficient internal talent reserves to secure the long-term pools of autonomous production unit and plant managers.

5.2.4. DEVELOPING THE POTENTIAL OF ENGINEERS AND MANAGERS

Faurecia integrates and develops the potential of its engineers and managers so as to improve their performance and skills and offer them attractive career paths. The effective development of engineers' and managers' potential is at the core of the Being Faurecia program. The Group seeks to continuously improve the performance of its managers and ensure their professional development so that they can realize their potential.

At the same time, the Group constantly adapts its allocation of Human Resources to meet short-term business demands and prepares for the medium-term to ensure that the Group always has best-in-class in terms of managers and technical experts, driven by the pursuit of excellent customer service.

Recruiting and retaining talent

Over the last few years, Faurecia has grown very significantly with almost 100,000 employees, including over 17,000 engineers and managers at the end of 2016.

Over the last four years, the volume of external hires has stabilized, at slightly over 2,000 engineers and managers.

In 2016, hires were mainly carried out in Asia (734), Europe (725), and North America (652); the countries that recruited the most in these three regions were China (372), the United States (345), Mexico (301) and India (257). In parallel, the number of hires remained stable in France (301) and declined in Germany (142 compared to 191 in 2015).

44% of new employees were assigned to production, 26% to sales, R&D and program functions, and 30% to support functions.

In 2016, Faurecia continued to focus on the quality of recruitment to ensure that the Group recruits and retains the employees of tomorrow. To achieve this, the HR teams and managers received extensive training in recruitment techniques in order to select the best candidates.

To ensure the success of newly recruited employees, Faurecia offers all new hires a personal induction program enabling them to find out more about the Company, its values, strategy and organization, and to become acquainted with its culture and operating systems.

In 2016, the Group strengthened the deployment of its online tool to help new employees and their line managers throughout the integration period.

Developing and promoting international exposure is essential for a Group that employs 64.5% of its engineers and managers outside Western Europe and carries out 78% of its recruitments outside this region. Within this framework, Faurecia can offer its people many international assignments as well as the opportunity to take part in international projects.

Lastly, a stable employee base is essential for safeguarding our investment in human capital. In 2016, the resignation rate for engineers and managers was 8.4%, slightly up compared to 2015. This rate improved in North America (11.8% vs 13% in 2015), but increased slightly in Europe (5.6% vs 5.0% in 2015). In China, it remained at 8.5%, well below the market average. The resignation rate for senior management positions was 4.2% in 2016.

The employees of tomorrow

In 2016, the Group continued to implement two Faurecia Talent Initiatives in order to attract and retain the employees of tomorrow, two key factors in sustaining the Group's growth.

The aim of the first project was to improve gender diversity at the time of recruitment and for employee development in general.

An action plan was defined by working groups, covering both Group-wide Human Resources issues and the introduction of dedicated social networks, while respecting local cultural particularities. It covers six areas:

- improvement of working conditions, in particular through the deployment of telework and the implementation of concierge-type services, in order to promote a better balance between personal and professional life;
- development of careers for women: the People Review was adapted to integrate a specific chapter on female talent. At the same time, a process was launched to accompany the spouses of expatriate employees through external and individualized support to prepare the best departure, to facilitate cultural and professional adaptation, and to help find local employment;
- the talent acquisition strategy was reviewed: the country recruitment officers reviewed the list of target schools, favoring those with a balanced distribution between men and women. The list of Ambassadors was completed to ensure that women are duly represented. The recruitment agencies were also made aware of the Group's ambition to welcome more female talent. Lastly, the internal training on recruitment now covers the issue of diversity awareness;
- training is a lever for accelerating this cultural change: Faurecia University ensures that diversity management is an integral part of the training provided to managers and also spearheads the implementation of specific programs for

women to enable them to strengthen their influence, their impact and their visibility;

- studies have been launched in key countries to ensure pay equity. The first statistical results showed no major differences but a second more local and more individual study has been launched to correct any differences;
- the women@faurecia network was created to support initiatives in favor of gender diversity. With the support of local representatives, the members of the network organize internal events and also participate in associations and activities.

Implemented in 2016, these actions are starting to bear fruit. The proportion of the number of women increased slightly and now represents 23% of managers and one notes a positive trend as regards front-line positions at the sites (19.7% in 2016 vs 18.5% in 2015), front-line positions in the Divisions (9.2% in 2016 vs 6.5% in 2015) and senior management positions (9.7% of top management in 2016 vs 7% in 2015).

The goal of the second project is to recruit more young graduates. Although 37.4% of new recruits to entry-level management positions were young graduates, which is in line with the sector average, this figure is not high enough to inject the required level of talent into the Group to guarantee its growth. Working groups were set up and tasked with identifying the action the Group could take globally and locally to help it find a way to quickly increase the recruitment rate of young graduates.

To help it reach its target to recruit more young graduates, including female graduates, the Group relies heavily on the VIE international corporate volunteer program. In 2016, the number of international corporate volunteer (*Volontariat International en Entreprise*, VIE) contracts continued to grow, with 280 signed, compared with 259 in 2015. It is noteworthy that almost 55% of the young engineers and managers who completed their VIE assignments in 2016 were recruited by Faurecia, mainly in France (46%), Germany (31%), and the rest of Europe (10%). Furthermore, seven VIEs were hired in Asia and six in North America.

Consolidating the Group's performance culture and having exemplary leaders

A fair, objective performance assessment is a cornerstone of employee development and a key Being Faurecia concept. In 2016, the Group launched the second campaign of its new performance appraisal system, STAR (Setting Targets, Achieving Results), a global approach combining three components:

- a "management by objective" component that aligns individual performance with business objectives;
- the evaluation of behavior enables the measurement of commitment to the Group's values. They consist of three managerial values (entrepreneurship, autonomy and



accountability) and three individual values (respect, exemplarity and energy). A Code of Management was developed to illustrate the behavior expected from managers in the main situations they might face. This Code is intended to be a practical guide for managers to develop exemplary behavior:

- lastly, the managerial skills assessment makes it possible to identify each individual's strengths as well as areas where there is room for improvement so as to construct practical and effective individual development plans. The Code, which describes the managerial skills that must be mastered at each level of the organization, is at the center of performance management and the identification of the potential and development of future leaders.

During the 2016 STAR campaign, particular attention was paid to improving the quality of the interviews in order to enhance the managerial impact of the effort. Three priorities have been defined in this context: improve the quality of the feedback, strengthen the internal equity in terms of performance appraisal, and improve the robustness and monitoring of the development actions.

Developing skills and optimizing career management

The Group's internal promotion policy revolves around offering career opportunities to employees who succeed and demonstrate their potential.

Despite a high recruitment rate, the rate of vacancies filled internally amounted to 58.5% overall in 2016, up slightly on the 2015 figure (54%). The percentage is closer to 86% for Senior Management positions. The results for managerial posts were achieved through the implementation of robust succession planning and individual development plans, based on individual reviews made at least once a year at all levels of the Company (sites, divisions, Business Groups, Group) and on a rigorous use of Faurecia's managerial skills model.

In 2016, 18% of engineers and managers benefited from internal mobility.

In line with the Group's expertise management policy, Faurecia particularly rewards performance in technical and technological areas. The Group offers its experts a specific career program,

which has the added advantage of allowing it to enhance business-specific skills within each product line. In 2016, 33 experts and 2 senior experts were appointed in the product and process engineering businesses. At the end of 2016, Faurecia employed 344 experts.

Fostering talent, an ambitious objective

To prepare the managers of tomorrow, talent identification should start as early as possible. The applicants are offered diverse career paths to realize their potential. These paths include inter-functions/inter-divisions mobility, project work or short-term assignments. The plan aims to help employees step out of their comfort zone and provide them with general management skills.

External assessments are also proposed for current and future leaders, so that each individual may better understand their development potential and make the best career choice. Personal development plans are defined as part of this process. In total, 41 assessments were carried out in 2016.

Alongside these internal activities, a reinforcement plan was rolled out in France, Germany, the United States and China to recruit high-potential applicants for whom an accelerated career path is defined and implemented. At the end of 2016, 14 people were participating in this program.

The Group also places great importance on the international dimension of its Senior Management team, while taking steps to attract, develop and retain local talent across the globe. Today, in keeping with this strategy, 57% of the Group's senior managers are non-French nationals, and 43% of engineers and managers identified as having Senior Management potential are from countries outside Western Europe.

The Executive Committee strengthened its involvement in managing talent. It now assesses the Group's high-potential staff twice a year, with a particular focus on potential executives. In addition to the People Reviews normally organized at the Business Group, Division and functional levels, Key Reservoir Reviews were carried out in North America, Asia and South America in order to develop internal mobility and to optimize local talent management. In 2016, a new process called "Cross BG Point HR" was also set up at Group level in order to develop the mobility of Senior Managers between Business Groups.

5.3. Strengthening economic and social dialog

5.3.1. AN ENVIRONMENT OF CONTRASTING BUSINESS ACTIVITY BY REGION

In 2016, Faurecia's overall level of business continued to increase due to sustained growth in Europe and Asia and major orders received in South America.

This trend was reflected by continued growth in the workforce which rose from 78,605 at the end of 2015 to 79,818 at the end of 2016 (up 1.5%).

Industrial redeployment initiatives affected 13 sites in 2016, impacting 1,219 jobs in 5 countries, mostly in Europe, North America and South America.

In this context, Europe has seen the number of employees rise slightly, by 2.3%, despite the restructuring plans implemented in western European countries.

In North America, the number of registered employees increased by 1.6%, due to the growth of Faurecia in Mexico. The downturn in business in this region resulted in a reduction in the number of temporary employees.

In South America, the number of registered employees decreased by 1.0% due to an improvement in industrial efficiency.

Lastly, Faurecia, despite the 1.2% decrease in its number of registered employees, continued to grow in Asia, thereby consolidating the growth potential in this market and the good business momentum enjoyed with local and foreign automakers in this region.

5.3.2. GREATER SOCIAL DIALOG AND CONSULTATION WITH EMPLOYEE REPRESENTATIVES

Pursuant to the component on the development of economic and social dialog of the Code of Ethics in force since 2007, complemented in 2014 by the Being Faurecia program, the Group's various entities continued an active policy of dialog and negotiation with employee representatives.

In 2016, this policy resulted in the conclusion of 345 site or company agreements, in 24 countries, including in particular 152 in France, 77 in Germany, 29 in Brazil, 12 in Mexico, 10 in Argentina, 8 in Spain and 6 in the United States, Italy and Uruguay.

30% of these agreements related to wages and benefits, 22% to working conditions and working hours, and 19% to statutory profit-sharing and incentive plans.

More specifically, in terms of targeting increased competitiveness and/or performance, negotiations were successfully concluded in 2016 at a number of sites where this was a key issue to keeping the business going or to winning new programs, thereby

avoiding any new plans for industrial redeployment. As a result, two new competition agreements covering a Spanish site and a French site were finalized within the Group's various businesses. With these new agreements and those entered into in previous fiscal years, this brings to almost 44 the total number of sites covered by competition agreements since 2012.

In addition, in all the countries in which it operates, the Group is keen to implement existing plans so as to reduce the impact on jobs arising from a slowdown in business. For instance, these plans represented the equivalent of 951,747 hours in 2016, an increase on the previous fiscal year. At the same time, in the event of any industrial redeployments, the Group prefers to make use of internal mobility, both on a geographical and cross-divisional level, as well as voluntary redundancy plans. In the event that a site closure is required, the Group endeavors, where this is possible, to put in place re-industrialization projects by providing financial and/or operational assistance to industrial players that are likely to propose redeployment solutions to its



employees. In cases where compulsory redundancies cannot be avoided, providing support for those employees seeking redeployment is a priority.

Created in 2003, the European Works Council is a key body in the Group's economic and social dialog, the preferred forum for exchanges with employee representatives on the Group's strategy, results and outlook.

Following negotiations started in 2015 with the members of the Bureau to extend the European Works Council, an agreement was unanimously signed on January 11, 2016. This agreement entered into force on April 1, 2016 for a period of four years.

Within this framework, the 25 members were apportioned on a prorata basis of the number of employees in the 15 European countries where Faurecia is present. The 25 representatives were then designated or elected in accordance with the provisions in force in their countries. The committee welcomed 9 new representatives alongside the 16 whose terms of office were renewed.

The European Works Council met in plenary session twice; the first time on January 7, 2016 in an extraordinary session in the context of Faurecia's project to sell its Exteriors business to Plastic Omnium, and the second time on May 10 and 11, 2016, in an ordinary session. The Council Board, comprising representatives of the six biggest countries in terms of workforce (i.e. France, Germany, Spain, Portugal, Czech Republic and Poland), met three times during the year.

Pursuant to the terms of the agreement, the last Bureau meeting of the year was held at a site on December 1, 2016. On this occasion, the members of the Council visited the research and development center of Faurecia Interiors as well as the industrial facilities of the Almussafes plant in Spain.

To help the representatives of the European Works Council to carry out their duties in the best possible conditions, it has been agreed to launch a training program that is mainly structured around modules intended to enable the representatives to better grasp the stakes and constraints of the automotive sector. This training should be carried out before the plenary session in 2017.

5.3.3. RESPECT OF FUNDAMENTAL RIGHTS

Faurecia adhered to the UN Global Compact in 2004. By doing so, the Group committed to abiding by and promoting, in its business practices, a set of values and principles drawn from international texts and conventions relating to human rights, labor standards and the environment. Changes within the Group, the new requirements of customers and new guidelines bearing on corporate social responsibility and sustainable development prompted Faurecia in 2007 to prepare a new version of its Code of Ethics mirroring the International Labour Organization's (ILO) Core Conventions. This Code of Ethics was updated in 2014 as part of the roll out of the Being Faurecia program, intended to strengthen the Group's culture and contribute to the creation of long-term value. The Code of Management, which was established at that time to guide the day-to-day management of teams, customers and also suppliers, translated many of the principles set out in the Code of Ethics into operations. In 2016, Faurecia developed an e-learning tool on the theme of Compliance that enables its managers and professionals to test their knowledge of the Group's current Code of Ethics and Code of Management. After North America and China, deployment continues in Europe.

5.3.3.1. Prohibition of child labor

Faurecia complies with national laws and regulations relating to child labor. It will not employ children under the age of 16, under any circumstances, and complies with the provisions of the ILO regarding the health, safety and morality of young people aged between 15 and 18. The Group ensures that its suppliers and partners adhere to the same principles.

5.3.3.2. Elimination of all forms of forced labor

Faurecia is committed to the free choice of employment and the elimination of all forms of forced and compulsory labor. It ensures that its suppliers and/or partners adhere to the same principles.

5.3.3.3. Freedom of association and recognition of the right to collective bargaining

Faurecia recognizes the existence of trade unions worldwide and the right of workers to form the union organization of their choice and/or to organize workers' representation in accordance with the laws and regulations in force. It undertakes to protect union members and leaders and not to make any discrimination based on the offices held.

The Group is also committed to promoting a policy of dialog and negotiation. Given its decentralized legal and managerial structure, this policy is implemented through collective bargaining agreements signed with the sites, on the one hand, and companies, on the other.

5.3.3.4. Elimination of discrimination in employment and occupation

The Group is committed not to discriminate against anyone, notably on the basis of age, sex, skin color, nationality, religion, health status or disability, sexual orientation, political, philosophical or union-related opinion in its recruitment and career development initiatives. Every employee has the right to work in a healthy environment, free from any form of hostility or harassment qualified as unlawful under the regulations and practices in force in the countries where the Faurecia group operates.

In particular, Faurecia forbids any unlawful conduct construed as sexual or moral harassment, including in the absence of any hierarchical or subordination relationship.

5.3.4. CHANGES IN COMPENSATION AND BENEFITS

The total amount of compensation paid, including social contributions, increased by 0.76% across the Group as a whole: €3,059.1 million in 2016, compared with €3,036.0 million in 2015. Meanwhile, the number of employees at the end of the year increased by 1.5% (+3.2% for engineers and managers).

The Group adheres to current minimum wage legislation in each country. Wage negotiations are held in the majority of countries. In 2016, 104 agreements were concluded on wage/

bonus/compensation packages and 67 on profit-sharing/non-discretionary profit-sharing.

A system of variable compensation, based essentially on operating unit performance, applies in a uniform manner in all countries in which Faurecia operates. At the end of 2016, following the disposal of the Exteriors business, approximately 3,900 out of a total of 16,683 managers and professionals benefited from the system.



5.4. Company savings, incentive and profit-sharing bonuses in the development of the Group

5.4.1. EMPLOYEE SAVINGS PLANS IN FRANCE

In France, the Group has over the past few years implemented several mechanisms to allow employees to accumulate savings.

Since 2004, employees have had access to a Group employee savings plan (PEG) open to amounts distributed under profit-sharing and incentive plans, as well as voluntary contributions.

Thirteen funds are available, including Faurecia Actionnariat, a mutual fund investing exclusively in Faurecia stock. At end-2016, total funds managed in the employee savings plan (PEG) stood at €48.9 million, of which 26% were invested in Faurecia Actionnariat (2,795 employees).

Employees also have access to the Group retirement savings plan (PERCO), set up in late 2012. Like the employee savings plan, payments into the Group pension savings plan can be made from discretionary and non-discretionary profit-sharing plans as well as voluntary employee contributions. At end-2016, total funds managed in the retirement savings plan (PERCO) stood at €3.4 million.

A defined-contribution pension scheme was also introduced in 2006 for Group executives and was opened up to voluntary contributions from employees in 2013. The various retirement savings plans have more than €88.7 million under management.

5.4.2. INCENTIVE PLANS IN FRANCE

The incentive agreements entered into by the Group's various French companies mostly establish how voluntary incentive payouts are calculated based on two sets of indicators:

- financial indicators at Company level. This part accounts for about 40% of the overall payout and is calculated annually;
- operational performance indicators calculated at site level and selected from among Faurecia Excellence System indicators. This part accounts for about 60% of the overall payout and is calculated half-yearly.

Under these agreements, the payout is capped at 5%-6% of payroll – although in exceptional cases it may be raised to 6.7 to 8% if objectives are exceeded – and is allocated partly in proportion to salary and partly applied on a uniform basis depending on hours worked.

In 2016, €17.6 million was paid out to employees under the incentive plan (€16.7 million in 2015), of which €4.3 million were invested in Group employee savings plans in France (PEG or PERCO).

5.4.3. PROFIT-SHARING IN FRANCE

The mandatory profit-sharing agreements of the various Group companies stipulate, for the most part, that employee profit-sharing calculated in accordance with the legal formula must be allocated among employees prorated on the basis of their compensation for the year in question, subject to compliance with regulatory limits.

The amounts allocated to the profit-sharing reserve may be held in a no-access account or invested in the corporate mutual funds

set up in connection with the Group employee savings plan (PEG) or retirement savings plan (PERCO).

In 2016, €8.5 million was paid out to employees under the profit-sharing plan (€5.7 million in 2015), of which €2.7 million were invested in Group employee savings plans in France (PEG or PERCO).

5.4.4. STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

Faurecia has set up performance share plans for its Senior Management, with a view to promoting motivation and fostering loyalty. It follows a procedure established by the Board of Directors at its meeting of December 17, 2009. The Combined General Meeting of May 27, 2016 authorized the Board of Directors to grant a maximum of 2,000,000 performance shares. Based on this authorization, on July 25, 2016, the Board of Directors allocated a maximum of 989,945 performance shares to 326 beneficiaries, including 36 high-potential managers. The latter include an internal requirement relating to the Group's

net income (after tax) in 2018 and an external requirement comparing net earnings per Faurecia share between 2015 and 2018 with reference to a group of 12 comparable international automotive suppliers. It should be noted that the last six plans were allocated in the same period of the year.

As of December 31, 2016, stock options allocated but not yet exercised totaled 244,200, with a further 2,964,989 performance shares liable to be granted by July 2020, subject to the associated performance requirements.

5.5. Administrative efficiency of Human Resources

The rationalization of the Human Resources IT system begun in 2007 reached another milestone in 2016. GlobalView, the SAP-based payroll and employee management platform, was rolled out in Argentina (960 people), South Africa (1,400 people) and Thailand (660 people) during the first half of the year. At the end of 2016, almost 63,000 employees (in 16 countries) were being paid by GlobalView, 79% of the Group's registered employees. New projects were launched to deploy GlobalView in Poland, Romania and India in 2017. By the end of 2017, 93% of the Group's registered employees will receive their wages through this platform.

The payroll processes were also optimized with a focus on two areas: full outsourcing in the new countries covered by GlobalView and the continued deployment of shared service centers. At the end of the planned deployment, 75% of employees will be paid through a Faurecia shared service center and 25% through an external platform directly managed by the GlobalView provider. This process was backed by the deployment of a Group Manage Payroll Procedure (MPP) in 2015, which was deployed in all Group countries in 2016, in order to handle the internal control and audit of the pay processes by country.

At the same time as rolling out the payroll system, automatic interfaces continued to be set up with the Group's Human Resources reporting, engineers and managers database and

accounting system to improve administrative efficacy and make data more reliable. 80% of the GlobalView perimeter is now interfaced with these different systems.

The optimization of administrative procedures also took another step forward as a result of the implementation of a talent management tool and a tool for managerial assessment of individual performance. In 2015, the corresponding individual development plan was put in place to complete the module, the use of which became widespread in 2016. Human Resources is thus equipped with a modern tool for managing its employees' individual development online. Transparency with regard to employees and their managers is a key factor when it comes to improving managerial processes and information system quality.

Lastly, to streamline its Human Resources Information System (HRIS), and in the continuation of its digital transformation, the Group confirmed the deployment of a project team dedicated to setting up a complete Human Resources suite called "SAP Success Factor", integrated with the payroll platform. This project will result in the establishment of a new global Human Resources management platform, called "PASS", covering all the functional needs of the Human Resources function within the Group by 2018. Every Human Resources employee, manager and partner will thereby have access to a single digital HR management tool across the Group.



5.6. Other employee-related data

RECONCILIATION OF THE TOTAL NUMBER OF EMPLOYEES FOLLOWING THE DISPOSAL OF THE FAURECIA AUTOMOTIVE EXTERIORS BUSINESS

	2015 (FAE BG included)				2015 (FAE BG excluded)				Impact of the FAE BG disposal			
	Registe- red em- ployees	Tempo- rary em- ployees	Total head- count	Of which open- ended contracts (CDI)	Registe- red em- ployees	Tempo- rary em- ployees	Total head- count	Of which open- ended contracts (CDI)	Registe- red em- ployees	Tempo- rary em- ployees	Total head- count	Of which open- ended contracts (CDI) (in points)
Europe	47,114	8,771	55,885	76.6%	41,001	7,985	48,986	76.7%	6,113	786	6,899	-0.1
North America	18,567	2,078	20,645	81.0%	18,523	2,077	20,600	81.0%	44	1	45	0.0
South America	4,729	63	4,792	90.9%	4,273	18	4,291	91.9%	456	45	501	-1.0
Asia	9,984	5,799	15,783	61.2%	9,984	5,799	15,783	61.2%	0	0	0	0.0
Others	4,824	940	5,764	72.2%	4,824	940	5,764	72.2%	0	0	0	0.0
TOTAL	85,218	17,651	102,869	75.5%	78,605	16,819	95,424	75.5%	6,613	832	7,445	0.1

The Faurecia Automotive Exteriors Business Group was sold to Plastic Omnium on July 29, 2016.

For the sake of comparison of the employee-related data, a pro forma restatement has been performed excluding the Faurecia Automotive Exteriors business as of December 31, 2015.

This table provides the reconciliation of the 2015 close according to the 2016 pro forma.

The disposals of the Business Group concerned the equivalent of 7,445 people as at December 31, 2015, of which 92% in Europe (France, Germany, Spain and Slovakia).

NUMBER OF EMPLOYEES 2016 VS 2015

	2016				2015*				2016 VS 2015			
	Registe- red em- ployees	Tempo- rary em- ployees	Total head- count	Of which open- ended contracts (CDI)	Registe- red em- ployees	Tempo- rary em- ployees	Total head- count	Of which open- ended contracts (CDI)	Registe- red em- ployees	Tempo- rary em- ployees	Total head- count	Of which open- ended contracts (CDI) (in points)
Europe	41,943	8,785	50,728	76.7%	41,001	7,985	48,986	76.7%	2.3%	10.0%	3.6%	0.0
North America	18,817	1,269	20,086	84.4%	18,523	2,077	20,600	81.0%	1.6%	-38.9%	-2.5%	3.5
South America	4,231	194	4,425	88.2%	4,273	18	4,291	91.9%	-1.0%	977.8%	3.1%	-3.7
Asia	9,866	6,649	16,515	57.5%	9,984	5,799	15,783	61.2%	-1.2%	14.7%	4.6%	-3.8
Others	4,961	1,893	6,854	62.1%	4,824	940	5,764	72.2%	2.8%	101.4%	18.9%	-10.1
TOTAL	79,818	18,790	98,608	74.5%	78,605	16,819	95,424	75.5%	1.5%	11.7%	3.3%	-0.9

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

Total number of employees

The Group's total workforce grew by 3,184 people in 2016, up +3.3%.

The proportion of staff employed on open-ended contracts increased from 75.5% to 74.5%.

Over the period, the proportion of staff on fixed-term contracts decreased from 6.9% to 6.4%, and the proportion of temporary staff rose from 17.6% to 19%.

In 2016, the number of employees grew mainly in Europe (+1,742 people), in Asia (+732 people) and in the "Other" region (+1,090 people, mainly in Morocco).

Registered employees

The Group's registered employees increased by 1,213 people in 2016 (+1.5%). This increase was particularly significant in Europe (+2.3% or +942 people),

North America (+1.6% or +294 people) and in the "Other" region (+2.8% or +137 people) due to business growth in these regions.

The number of registered employees decreased by 1% (-42 people) in South America and by 1.2% in Asia (-118 people).

Temporary employees

The number of temporary staff rose by 1,971 people (+11.7%) in 2016.

As of the end of December 2016, the percentage of temporary staff was 19%, 1.4 points higher than in 2015.

In Europe, the rate rose from 16.3% to 17.3%. It reached 17.1% at the end of 2016 in Western Europe, compared to 17.6% in Central Europe.

Growth in the use of temporary labor was most marked in France, Italy and Poland.

In North America, this rate decreased from 10.1% to 6.3% due to the decrease in temporary employees (-522 in the United States and -278 in Mexico over the period).

Finally, this percentage remained high in Asia (40.3%), the percentage of temporary labor being structurally high in China.

NUMBER OF REGISTERED EMPLOYEES 2016 VS 2015

	2016				2015*				Change 2016 VS 2015
	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	
Europe	27,502	6,335	8,106	41,943	26,913	6,292	7,796	41,001	2.3%
North America	13,711	1,282	3,824	18,817	13,356	1,316	3,851	18,523	1.6%
South America	2,859	925	447	4,231	2,764	1,004	505	4,273	-1.0%
Asia	4,685	961	4,220	9,866	4,944	1,102	3,938	9,984	-1.2%
Others	3,769	579	613	4,961	3,664	573	587	4,824	2.8%
TOTAL	52,526	10,082	17,210	79,818	51,641	10,287	16,677	78,605	1.5%

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

Registered employees increased by 1.5% in 2016.

In Europe, the number of registered employees rose by 2.3% including 4% for managers and professionals, 2.2% for operators and workers, and 0.7% for technicians, foremen and administrative staff.

In Western Europe, the number of registered employees increased by 0.4%, in particular in Spain (+5.7%) and Portugal (+15.1%).

In Central Europe, the number of registered employees increased by 5.7%, mainly in Romania, Slovakia and Poland.

In North America, the number of registered employees rose by 1.6%.

The number of operators and workers increased by 2.7%, whereas the number of technicians, foremen and administrative staff decreased by 2.6% and that of managers and professionals decreased by 0.7%.

In South America, in a context of substantial economic slowdown since 2015, the number of registered employees decreases by 1.0%, mainly in Brazil (-158 people) despite an increase in the number of employees in Argentina (+107 people).

Numbers were down 7.9% for technicians, foremen and administrative staff and 11.5% for managers, mainly in Brazil. The number of operators and workers was up by 3.4%.

In Asia, the number of registered employees decreased by 1.2%, mainly in China (-3.3%) and South Korea (-9.9%).

Numbers were down 5.2% for operators and workers and up 2.8% for technicians and managers.

The other countries recorded a rise in their registered employees of 2.8%, mainly in Morocco (+145 people) and Iran (+140 people).



REGISTERED EMPLOYEES BY TYPE OF CONTRACT 2016 VS 2015

	2016			2015*			2016 VS 2015		
	Open-ended contracts (CDI)	Fixed-term contracts (CDD)	Total	Open-ended contracts (CDI)	Fixed-term contracts (CDD)	Total	Open-ended contracts (CDI)	Fixed-term contracts (CDD)	Total
Europe	38,896	3,047	41,943	37,575	3,426	41,001	3.5%	-11.1%	2.3%
North America	16,960	1,857	18,817	16,679	1,844	18,523	1.7%	0.7%	1.6%
South America	3,901	330	4,231	3,943	330	4,273	-1.1%	0.0%	-1.0%
Asia	9,488	378	9,866	9,660	324	9,984	-1.8%	16.7%	-1.2%
Others	4,258	703	4,961	4,163	661	4,824	2.3%	6.4%	2.8%
TOTAL	73,503	6,315	79,818	72,020	6,585	78,605	2.1%	-4.1%	1.5%

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

Open-ended contracts rose by 2.1% (+1,483 people). Over the same period, the number of employees on fixed-term contracts decreased by 270 people or 4.1%.

Open-ended contracts accounted for 92.1% of the registered employees as opposed to 91.6% in 2015.

The number of open-ended contracts rose by 3.5% in Europe (+1,321), mainly in Romania (+994) and Slovakia (+256).

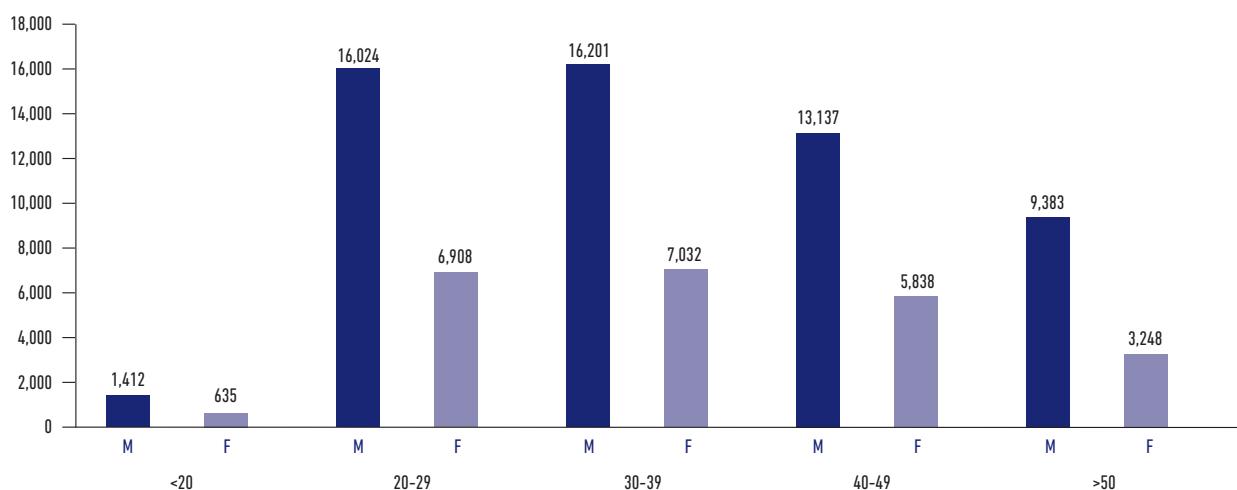
The figure for Western Europe remained stable.

Changes in other regions varied. The number of open-ended contracts rose in North America (+281 people) and in the "Other" region (+95 people), in line with the business developments in both regions. On the other hand, it was down by 1.1% in South America and by 1.8% in Asia.

The number of fixed-term contracts was down 4.1% from 2015. They accounted for 7.9% of employees at the end of 2016, compared with 8.4% at the end of 2015.

2016 AGE PYRAMID BY GENDER

Registered employees	< 20		20-29		30-39		40-49		> 50		Total	
	M	F	M	F	M	F	M	F	M	F	M	F
Operators & workers	1,288	519	11,073	4,741	9,692	4,773	7,889	4,302	5,734	2,515	35,676	16,850
Technicians, foremen & administrative staff	124	116	2,022	1,045	1,967	673	1,728	617	1,413	377	7,254	2,828
Managers & professionals	0	0	2,929	1,122	4,542	1,586	3,520	919	2,236	356	13,227	3,983
TOTAL	1,412	635	16,024	6,908	16,201	7,032	13,137	5,838	9,383	3,248	56,157	23,661



Women accounted for 29.6% of the Group's registered employees, an increase of 0.7 points compared with 2015.

Faurecia is a relatively young group with 60.4% of employees under the age of 40 and 31.3% under 30.

12,631 registered employees were aged over 50 (15.8%), up 0.1 points from 2015.

For all age brackets, the breakdown by staff category was stable year-on-year, with 66% of registered employees among operators and workers, 13% among technicians, foremen and administrative staff, and 21% among managers and professionals.

EXTERNAL HIRES 2016 VS 2015

Registered employees	2016			2015*			2016 VS 2015		
	Hires on open-ended contracts (CDI)	Hires on fixed-term contracts (CDD)	Total	Hires on open-ended contracts (CDI)	Hires on fixed-term contracts (CDD)	Total	Hires on open-ended contracts (CDI)	Hires on fixed-term contracts (CDD)	Total
Europe	3,232	4,021	7,253	2,704	3,839	6,543	19.5%	4.7%	10.9%
North America	2,495	5,558	8,053	2,627	3,867	6,494	-5.0%	43.7%	24.0%
South America	657	263	920	441	248	689	49.0%	6.0%	33.5%
Asia	1,781	535	2,316	2,557	459	3,016	-30.3%	16.6%	-23.2%
Others	423	529	952	527	369	896	-19.7%	43.4%	6.3%
TOTAL	8,588	10,906	19,494	8,856	8,782	17,638	-3.0%	24.2%	10.5%

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.



This table shows year-on-year changes in hiring, excluding the impact of transfers from fixed-term to open-ended contracts.

In total, the number of hires increased by 10.5% compared with 2015. A decline of 3% was recorded for open-ended contracts.

On the other hand, hires on fixed-term contracts increased by 24.2%.

In Europe, hires on open-ended contracts increased by 19.5% compared to 2015, mainly in Romania (+556 people) and Slovakia (+156). In Western Europe 50 new people were hired.

Hires on fixed-term contracts were mainly made in Spain (+20.9%) and Portugal (+54.3%) to respond to fluctuations in business activity.

In North America, 2,495 hires were made on open-ended contracts, compared with 2,627 in 2015 (-5%). Hires on fixed-term contracts increased from 3,867 in 2015 to 5,558 in 2016, mainly in Mexico, in order to rapidly respond to fluctuations in business activity.

In South America, the volume of new hires grew compared to 2015 (+33.5% across all types of contracts). This change should be considered against the background of the substantial slowdown in hires in 2015 due to the economic downturn in this region.

In Asia, the volume of hires on open-ended contracts decreased substantially (-30.3%), but it nevertheless remained considerable in volume terms, in particular in China with almost 1,300 hires.

In other countries, hires on open-ended contracts decreased from 2015. Most of these hires took place in Turkey.

EXTERNAL HIRES 2016 VS 2015

Registered employees	2016				2015*				Total	
	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals			
Europe	5,600	1,007	646	7,253	4,779	1,035	729	6,543		
North America	7,059	326	668	8,053	5,311	392	791	6,494		
South America	550	349	21	920	326	332	31	689		
Asia	1,370	211	735	2,316	1,947	281	788	3,016		
Others	654	152	146	952	638	135	123	896		
TOTAL	15,233	2,045	2,216	19,494	13,001	2,175	2,462	17,638		

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

Operators and workers represented 78.1% of external hires in 2016, compared with 10.5% for technicians, foremen and administrative staff, and 11.4% for managers and professionals, compared with 73.7%, 12.3% and 14% in 2015.

The increase of 10.5% in external hires in 2016 encompasses a 17.2% increase for operators and workers, a 6% decrease for technicians, foremen and administrative staff, and a 10% decrease for managers and professionals across all types of contracts.

In Europe, hires of operators and workers rose by 17.2%, mainly in Spain, Portugal, Romania and Slovakia.

Hires of technicians, foremen and administrative staff remained stable, whereas for managers and professionals the figure dropped by 11.4% (mainly in Germany).

In North America, hires of operators and workers increased by almost 33%. The number of hires of structural and managerial staff was down by 16.0%.

In South America, after the substantial slowdown in 2015, hires of operators and workers increased by 224, mainly in Brazil and Argentina.

In Asia, after years of growth, the number of hires by staff category decreased by 23.2% compared to 2015, as a reaction to the downturn in economic activity since last year. This decrease concerned mainly operators (-30%).

In the other countries, the number of hires of workers remained stable, whereas that of technicians and administrative staff rose by 15.5%.

TRANSFERS FROM FIXED-TERM TO OPEN-ENDED CONTRACTS 2016 VS 2015

Registered employees	2016				2015*			
	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total
Europe	1,899	258	126	2,283	1,114	219	114	1,447
North America	2,481	74	187	2,742	1,253	83	217	1,553
South America	0	1	0	1	0	9	0	9
Asia	130	9	0	139	222	7	1	230
Others	229	17	1	247	385	11	1	397
TOTAL	4,739	359	314	5,412	2,974	329	333	3,636

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

The number of transfers from fixed-term contracts to open-ended contracts increased by 48.9% in 2016. This increase affected mostly Europe (Spain, Slovakia and Romania) and

Mexico (+1,046), with the number of transfers being particularly high in 2016.

These transfers almost exclusively involved operators and workers.

DEPARTURES BY REASON 2016 VS 2015

Registered employees	2016					2015*				
	Resignations (open-ended contracts)	Individual layoffs	Group layoffs	Others	Total	Resignations (open-ended contracts)	Individual layoffs	Group layoffs	Others	Total
Europe	2,267	1,462	461	2,166	6,356	1,721	1,354	392	1,894	5,361
North America	1,818	3,482	107	1,638	7,045	1,999	2,194	143	1,430	5,766
South America	94	524	75	218	911	69	648	249	156	1,122
Asia	1,236	513	13	270	2,032	1,421	461	0	238	2,120
Others	335	229	35	230	829	289	252	144	240	925
TOTAL	5,750	6,210	691	4,522**	17,173	5,499	4,909	928	3,958	15,294

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

** Of which 1,832 end of fixed-term contracts, 2,281 resignations on fixed-term contracts, and 409 retirements or deaths.

The number of employees who left the Group totaled 17,173 in 2016, compared with 15,294 in 2015, an increase of 12.3%.

Of these departures, 10.7% corresponded to the expiration of fixed-term contracts.

Resignations from employees on open-ended contracts accounted for 33.5% of departures in 2016, compared with 36% in 2015. Of these, 66% were operators and workers (mainly

Poland, Czech Republic, Romania, Mexico, China and the United States), 9.6% were technicians, foremen and administrative staff, and 24.3% were managers and professionals (mainly France, the United States and China).

The percentage of individual and collective layoffs increased from 38% to 40% of total departures, mainly in the United States and Mexico.

**TRAINING HOURS 2016 VS 2015**

	2016		2015*	
	Training hours	Training hours per employee	Training hours	Training hours per employee
Europe	733,313	18	682,416	18
North America	457,052	25	445,682	24
South America	48,334	13	81,250	20
Asia	285,834	30	313,925	31
Others	65,596	13	101,492	21
TOTAL	1,590,129	21	1,624,765	21

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

The average number of training hours remained stable at 21 hours per employee Group-wide in 2016.

The total number of training hours provided in 2016 decreased by 2.1% over the period, greatly affected by the decrease in South America and other countries (mainly Tunisia and Russia) after substantial efforts in 2015.

EXPATRIATES BY DESTINATION 2016 VS 2015

	2016	2015*
Europe	98	81
North America	67	88
South America	11	25
Asia	65	64
Others	26	35
TOTAL	267	293

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

Changes in the number of expatriates and the wide diversity of their nationalities supported the Group's international growth.

The number of expatriates decreased by almost 10% in 2016, due to the strengthening of the local management teams.

EMPLOYEES WITH DISABILITIES 2016 VS 2015

	2016	2015*
Europe	916	902
North America	16	7
South America	29	40
Asia	12	13
Others	47	40
TOTAL	1,020	1,002

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

Faurecia employs nearly 1,000 disabled people, mainly in Europe. This figure grew by 1.8% compared to 2015.

The criteria used to define disabled employees are those set down in the legislation of each country. In Europe – particularly

France and Germany – such legislation tends to favor a more proactive approach than in other countries.

In France and Germany, the proportion of disabled employees was unchanged at nearly 5% of registered employees.

WORK SCHEDULES AS OF DECEMBER 31, 2016

Registered employees	Two 8-hr shifts ⁽¹⁾	Three 8-hr shifts ⁽²⁾	Weekend ⁽³⁾	Others	Total
Europe	9,583	15,084	1,185	16,091	41,943
North America	3,872	8,166	216	6,563	18,817
South America	645	364	0	3,222	4,231
Asia	3,217	1,100	0	5,549	9,866
Others	1,934	1,649	6	1,372	4,961
TOTAL	19,251	26,363	1,407	32,797	79,818

(1) Two shifts.

(2) Three shifts.

(3) Reduced weekend hours.

Staff work schedules within the Group are aimed at meeting customer needs, based on production capacity at Group sites. Shift work and weekend work ((1), (2) and (3)) mainly concern

the production sites, and together account for nearly 59% of the Group's registered employees.

PART-TIME STAFF 2016 VS 2015

	2016	2015*
Europe	758	661
North America	0	0
South America	0	0
Asia	0	0
Others	0	0
TOTAL	758	661

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

All of the Group's part-time employment contracts are in Europe, particularly France, Germany and Spain.

In 2016, they represented 2% of the registered employees in France compared to 2.1% in 2015, 3.1% in Germany compared to 2.7% in 2015 and 6.1% in Spain compared to 4.2% in 2015.

OVERTIME (IN HOURS) 2016 VS 2015

	2016		2015*	
	Overtime (in hours)	% hours worked	Overtime (in hours)	% hours worked
Europe	2,409,711	3.6%	2,608,559	4.0%
North America	4,198,054	10.9%	4,404,725	12.0%
South America	486,828	6.5%	328,573	4.2%
Asia	3,405,636	18.3%	3,340,035	17.8%
Others	747,361	8.0%	643,392	7.1%
TOTAL	11,247,590	8.0%	11,325,284	8.2%

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

Overtime hours are determined in accordance with the legislation of each country.

The recourse to overtime increased in South America (Brazil and Argentina) and in China and Iran.

The volume of overtime hours in 2016 was down 0.2 point on 2015, representing 8% of the hours worked Group-wide in 2016.

ABSENTEEISM 2016 VS 2015

	2016					Abs. rate 2015*
	Sick leave	Absence as a result of workplace accidents	Other absences	Total	Abs. rate 2016	
Europe	2,172,889	63,997	150,276	2,387,162	3.6%	3.6%
North America	325,822	22,418	400,799	749,039	2.0%	1.8%
South America	112,841	20,638	19,247	152,726	2.0%	1.9%
Asia	57,609	34	64,492	122,135	0.7%	0.7%
Others	196,695	1,906	9,897	208,498	2.2%	2.9%
TOTAL	2,865,856	108,993	644,711	3,619,560	2.6%	2.6%

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

Absenteeism reported was due to illness, workplace accidents and various unauthorized absences.

The number of hours of employee absence was up 2.2% in 2016 compared with 2015, to reach nearly 3.6 million hours in total.

The number of hours worked increased by 1.9% from 137.8 million to 140.6 million hours over the same period.

As a result, the absenteeism rate was stable in 2016 at 2.6%.

Sick leave accounted for nearly 79% of absences recorded Group-wide. This percentage was over 90% in Europe.

MATERNITY, PATERNITY AND PARENTAL LEAVE AS OF DECEMBER 31, 2016

	Maternity leave			Paternity leave				
	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total
Europe	458	125	160	743	426	114	236	776
North America	372	15	37	424	231	10	46	287
South America	34	10	8	52	59	8	0	67
Asia	53	36	63	152	133	22	125	280
Others	108	28	14	150	29	4	0	33
TOTAL	1,025	214	282	1,521	878	158	407	1,443

	Parental leave			Total				
	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total	Operators & workers	Technicians, foremen & administrative staff	Managers & professionals	Total
Europe	416	131	137	684	1,300	370	533	2,203
North America	5	1	3	9	608	26	86	720
South America	29	1	0	30	122	19	8	149
Asia	8	4	7	19	194	62	195	451
Others	8	4	1	13	145	36	15	196
TOTAL	466	141	148	755	2,369	513	837	3,719

The number of employees taking maternity leave grew by 8.1% in 2016, mainly in Europe and North America. The numbers of employees taking paternity and parental leave increased by

17.5% (mainly in North America) and 28.4% (mainly in Europe), respectively.

Terms and durations of maternity/paternity and parental leave are governed by legislation in each individual country.

OCCUPATIONAL ILLNESSES BY TYPE AS OF DECEMBER 31, 2016

	2016					
	Musculoskeletal disorders of the arms	Musculoskeletal back disorders	Exposure to asbestos	Deafness or hearing impairments	Others	Total
Europe	157	18	1	5	64	245
North America	23	8	0	0	1	32
South America	1	10	0	0	0	11
Asia	0	0	0	0	0	0
Others	0	0	0	0	8	8
TOTAL	181	36	1	5	73	296

0.4% of the Group's registered employees had occupational illness in 2016, a ratio that remains stable compared with 2015.

Musculoskeletal disorders of the arms accounted for over 61% of the occupational illnesses recorded within the Group.

The requirements for recognition of these different pathologies are governed by legislation in each individual country.

Nearly 70% of these disorders were recorded in France and recognized by the appropriate authorities.

SUBCONTRACTING AS OF DECEMBER 31, 2016

	2016			2015*		
	One-off subcontracting projects	Ongoing subcontracting	Total	One-off subcontracting projects	Ongoing subcontracting	Total
Europe	811	1,534	2,345	698	1,332	2,030
North America	142	631	773	169	591	760
South America	306	207	513	322	359	681
Asia	333	673	1,006	96	642	738
Others	60	185	245	69	242	311
TOTAL	1,652	3,230	4,882	1,354	3,166	4,520

* 2015 figures restated to reflect the sale of the Faurecia Automotive Exteriors Business Group.

The use of subcontractors increased by 8% in 2016.

This change was mainly due to a greater use of subcontractors in Europe and Asia.

SOCIAL AND CULTURAL ACTIVITIES IN 2016 (FOR REGISTERED EMPLOYEES)

(in € thousands)	Accommodation	Transportation	Catering	Medical care	Supplementary health and personal risk insurance	Subsidies	Total
Europe	3,027	13,212	9,720	5,084	18,539	4,064	53,646
North America	7,549	10,520	3,795	10,100	2,232	286	34,481
South America	1,317	2,853	3,328	5,682	683	344	14,207
Asia	9,854	10,267	11,622	20,739	11,533	921	64,936
Others	437	3,056	1,190	447	659	66	5,856
TOTAL	22,184	39,907	29,655	42,052	33,645	5,680	173,124

The total amount was stable in 2016 compared to 2015 (+0.8%).



6

Quality

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6.1. Quality achievements

Faurecia's quality performance, measured as the average half-yearly rate of customer rejects per million parts delivered (ppm), has now stabilized at a level lower than the 15 ppm target set by the Group, and in 2016 it reached its best performance.

PPM WITH EXTERNAL CUSTOMERS AS OF DECEMBER 31 (ROLLING SIX-MONTH PERIOD)



This quality performance was mainly due to the rigorous application of the methods of the Faurecia breakthrough quality plan, as well as to the specific actions linked to the 2016 incidents reduction challenge. This breakthrough plan, launched in 2006, has now reached maturity. Faurecia's major customers now acknowledge that the Group offers one of the highest levels of quality worldwide. Detailed monitoring of specific performance for each customer has been introduced in order to ensure that corrective measures are taken immediately to address any quality issues at a given plant. Every major problem is addressed using a systematic cross-functional approach at the sites in question in order to prevent any recurrence.

Faurecia has used its experience of resolving quality problems to continuously improve its Quick Response Continuous Improvement (QRCI) methodology. QRCI is a management approach whereby all defects must be dealt with through corrective action within 24 hours at the latest, working from an in-depth analysis to pinpoint the root causes of the problems and determine appropriate technical solutions that can be used across all Group businesses. QRCI is applied Company-wide, from production line operators to workshop and site managers, as well as in project development teams and development centers.

6.2. Faurecia Excellence System (FES)

The Faurecia Excellence System (FES) is the framework within which all of the Group's production and operations are organized. The FES is designed to ensure continuous performance improvements for the Group in terms of quality, cost, delivery and safety.

The FES complies with the requirements of quality, environmental and safety standards applicable to the automotive industry (ISO/TS 16949 and IATF 16949 – for July 2017 –, ISO 14001, OHSAS 18001). It also leverages more than 14 years of experience by Faurecia and has continually been enhanced to reflect best practices, both within and outside the Group, from a lean manufacturing perspective.

The FES ensures appropriate operating performance by Faurecia's production sites, wherever they are located and irrespective of local specificities affecting their business activities, by instilling a shared language and shared working methods.

This approach by Faurecia is fundamental because the globalization of the automobile market requires automotive equipment suppliers to guarantee the same level of quality and service everywhere in the world.

In 2014, the new Being Faurecia culture was successfully rolled out to all sites, placing emphasis on their autonomy and accountability with respect to the attainment of targets while maintaining an appropriate level of control. An increasingly pragmatic approach, eschewing dogmatism, is being adopted for FES implementation, thus allowing plants to be managed in a way that reinforces their own responsibility for controls.

Accordingly, the roles of plant managers and operations managers have been clarified to ensure that sales, margin and inventory budget targets are supported by well-established fundamentals: employee safety, quality, timely deliveries, and a shared commitment by staff to high performance. Also in 2014, a new revised standard management chart, including eighteen key performance indicators, was introduced.

In addition to its annual budget, each site now draws up a Plant Improvement Plan (PIP) identifying no more than seven priority areas in need of improvement to put the plant on the path to

achieve the objectives set out in its division's three-year strategic plan. Plant managers perform daily verifications on the ground to ensure that progress toward meeting these goals is on track, that standards are being applied, and that performance shortfalls are remedied quickly by all actors at the appropriate level, in line with the strengthened emphasis on greater responsibility by plants for their own controls.

One practical application of the change in culture introduced by the Being Faurecia initiative is the decision to allocate personnel responsible for the annual program of site audits to carry out coaching activities at some thirty sites where neither the implementation of FES nor operating performance is reaching the desired level. In this way, Faurecia's internal auditors become consultants helping sites to understand the FES and how it is to be used to support performance improvements. This FES training/coaching program ends when the site reaches the level "C – Acceptable" and when key performance indicators have reached acceptable levels.

Given this approach, plants having already reached the levels "B – Good" or "A – Excellent" were not audited again in 2015, but carried out their own self-assessments with assistance, where required, from their division on the basis of the principle of site responsibility for controls mentioned above. In 2017, as in 2016, Faurecia intends to conduct a new Group audit of the Level A and Level B sites with a shortened questionnaire. If the results are not satisfactory, a full audit will be run.

The FES training/coaching program met with considerable success and will be maintained in 2017 to allow the most recently added sites to reach the required level.

At the same time, the Group is continuing the roll-out of a worldwide program of FES workshops in the best-performing plants to train the network of operations managers in FES methods as applied on the ground.

In order to limit the risks when starting new programs, the Group has set up a simplified FES assessment to be carried out for critical programs (high degree of complexity, new sites, new production process) before reaching "gate 3" (i.e. having three to six months left before series production begins).



6.3. Customer awards

In 2016, Faurecia received several customer awards for its production sites.

The Faurecia group as a whole received the 2016 Volkswagen Group Award.

Faurecia Seating:

- the Crevin site (France) was named Best Plant by PSA;
- the Chengdu plant (China) received four awards from FAW-Volkswagen: Outstanding Quality Award, Outstanding Quality Model Award, Best Training Cooperation Partner and Benchmark Supplier on Traceability System Award;
- the Anting plant (China) received a Successful Candidate for Excellent Supplier Award from SAIC-VW;
- the Changchun plant (China) received an Excellent Development Award from FAW-VW;
- the Wuhan plant (China) received a Design & Development of 2016 Award from DPCA;
- the Anting plant (China) received an Excellent Performance Supplier Award from Great Wall HAVAL Xushi.

Faurecia Clean Mobility:

The Business Group as a whole received a 2015 Program Award from PSA.

Other awards and distinctions:

- the Queretaro site (Mexico) received the GM Supplier Quality Excellence Award for 2015;
- the Jangan site (Korea) received the GM Supplier Quality Excellence Award for 2015;

- the Troy site (United States) received the GM Supplier Quality Excellence Award for 2015;
- the Gladstone (United States) received the GM Supplier Quality Excellence Award for 2015;
- the Dexter site (United States) received the GM Supplier Quality Excellence Award for 2015;
- the Chennai site (United States) received the Hyundai Vendor Award 2016;
- the Bangalore site (India) received the Top Quality Award, Top Delivery Award and Zero Defect Suppliers – Zero ppm Award from Toyota.

Faurecia Interiors:

- the COPO Porrino site (Spain) was named Best Plant by PSA;
- the Bains-sur-Oust site (France) was named Best Plant by PSA;
- the Saint-Michel-sur-Meurthe site (France) was named Best Plant by PSA;
- the Tarazona site (Spain) received the GM Supplier Quality Excellence Award for 2015;
- the Chengdu site (China) received the 2016 Best Localisation Supplier from Volvo;
- the Chongqing site (China) received the 2016 Annual Top Supplier Award from Changan Ford;
- the Pitesti site (Romania) received a Supplier with Best Reactivity Award from Dacia.

6.4. 2017 perspectives

The objectives for 2017 are:

- ongoing quality performance optimization;
- more widespread improvement in quality performance with the target of bringing individual plant performance below 50 ppm;
- reduction in the number of claims received from customers;
- adaptation of the quality manual and the documentation system to the new requirements of IATF 16949;
- continuation of the coaching program in new plants having been rated C or D by the FES audit system;
- simplified FES assessment to be carried out for critical programs (high degree of complexity, new sites, new production process) before reaching "gate 3" (i.e. having three to six months left until the start of series production).



7

Research and development

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Innovation and product development represent a strategic challenge for Faurecia. These activities are structured around two main divisions:

- the research and innovation unit, which covers upstream activities prior to program acquisitions. This unit is critical to enabling the Group to provide an appealing and competitive offering to its customers, which it achieves by designing new products and technologies, as well as researching and developing generic products and processes;
- the program engineering unit, which covers vehicle applications. This downstream unit is responsible for ensuring that programs are completed within the required time-frames, cost and quality levels.

As a result, gross R&D expenditures totaled €1,021.5 million in 2016 (5.5% of net sales). The share of innovation grew over the same period. It amounted to €120 million.

More than 6,000 engineers and technicians based in 30 centers represent the Group's global R&D community. Five hundred and one patents were filed in 2016.

To lend a hand to technological development and innovation, Faurecia maintains its open policy towards academia, research laboratories and start-ups. Faurecia makes use of five chairs in manufacturing involving universities in France and Germany and a partnership with Fraunhofer ICT in mechanical electronics, composites, production processes for metal parts, and plastic materials chemistry including biomass and assembly lines. In France, Faurecia is also actively engaged in the work of the technological research institutes known as IRTs, all certified by the French government as part of its "Investment for the Future"

program, such as the IRT Jules Verne in Nantes, where Faurecia represents the French automotive industry, and the IRT M2P in Metz. A similar approach is underway in the United States, with a first partnership with the Digital Manufacturing and Design Innovation Institute (DMDII) regarding subjects linked to the industry of the future, and in China.

In 2016, Faurecia developed a start-up research and assessment activity on a world level to detect technological innovations and make investments whenever necessary through a company specifically created for this purpose. This activity goes beyond merely looking for start-ups: it creates an ecosystem for the various subjects of interest in each of the search areas.

Faurecia has developed innovation partnerships with most major global automakers. These partnerships indicate the Company's intention to build long-term close relationships with automakers by offering them the latest innovations, providing potential exclusive arrangements, and better meeting their demands. From the start, these innovations have been associated with target vehicle programs.

Faurecia has also implemented an ambitious deployment and monitoring plan in respect of internal expertise. In 2016, Faurecia had 344 experts who are skilled in the Group's 66 different areas of expertise. Skills sharing, wherever relevant, ensures optimal use of such expertise.

Executive Management's involvement in monitoring innovation plans via Technology Leadership Seminars, Technology Sessions, Executive Technology Reviews, and participation in the Experts' Forum, shows that the Company is committed to technology and innovation, believing these to be key drivers of its success.

7.1. Market expectations

Market trends

To understand the significant market trends, Faurecia consults specialized bodies and also participates in think tanks to translate these trends into principles that can be used directly for its products. The main trends that impact automobiles are the urbanization of populations, the reduction in the consumption and the diversification of energy resources, changes in mobility, connectivity, consumer protection and health and the increased role of women in society. Faurecia takes these "mega" trends into account; most of the time they are translated into the automobile industry through the reduction in consumption and emissions, including electrification, connectivity and autonomous vehicles.

Reduction of fuel consumption

This target is linked to the reduction of greenhouse gases. In 2013, the European Commission adopted average CO₂ targets of 95 g/km (equivalent to approximately 4 l/100 km) for the automotive industry in Europe, effective from the end of 2020, with a planned level of 130 g between 2015 and 2020. This 95 g target is leading automakers to work to improve parameters such as vehicle weight, efficiency of powertrains (engines and transmissions), electrification, rolling resistance and aerodynamics. Faurecia makes a major contribution in the fields of vehicle weight reduction and optimizing powertrain operation, mainly through energy recovery. Currently the European Commission is discussing a level of between 68 g and 78 g per kilometer by 2025/2030 and significant technological developments would be required to achieve this performance level.

Starting September 2017, a new test protocol called the WLTP (Worldwide harmonized Light vehicles Test Procedures) will gradually replace the existing NEDC (New European Driving Cycle). The new protocol is more representative of actual driving conditions but will impact the test results by between 5% and 15%. Alongside this, the anticipated reduction from the production of diesel vehicles will impact the average emission figures because diesel emits between 10% and 15% less CO₂.

Reducing mass will therefore become even more important in terms of a vehicle's overall performance.

Reduction of emissions

Emissions of all combustion-related pollutants are subject to standards that, while specific to each market, are converging towards a drastic reduction. And while reducing fuel consumption has the direct effect of reducing emissions, the use of smaller turbocharged engines results in increased levels of pressure and higher temperatures in combustion chambers, which is damaging in terms of emissions of gas, pollutants and particulates.

Although the European Regulations on pollution emission levels, primarily nitrogen oxides emissions, have been reduced considerably to reach 80 mg in 2015, recent comparisons between Real Driving Emissions tests on the road and the regulatory bench tests have thrown up some significant differences. A compliance factor is now being applied. It enables comparison between regulatory bench tests and real driving emissions tests on the road. The tolerated differences will be 2.1x as of September 2017, and 1.5x as of 2020. A factor of 1.5x on the number of particles has been voted by the European Commission and will also be applied as of September 2017.

The regulations are already more stringent in the North American market than in Europe and apply to both gasoline- and Diesel-powered private cars without distinction. As regards the Chinese regulations, they will remain based on the European ones until 2023.

Increasingly widespread in gasoline engines, direct fuel injection allows the engine to work leanly and to limit consumption, but generates particulates that may require treatment in the exhaust system. Since 2014, Faurecia has supplied the world's first particulate filters for gasoline engines as standard equipment.

For Diesel engines, regulatory change combined with high temperatures generating nitrogen oxides will result in the widespread adoption of post-treatment in the exhaust system for such emissions by 2017 in most markets.

Through their high cylinder capacity and their intensive use, the engines of commercial and public works vehicles (Off-Road) are major sources of pollution emission. Thus, in China, although they only represent 5% of total vehicles, they are responsible for

80% of pollution emission. Thanks in particular to the expertise gained through its partnership with Cummins, Faurecia has developed solutions dedicated to these specific markets. The proprietary technology for reducing nitrogen oxides in the gaseous phase (Ammonia Storage and Delivery System – ASDS) combined with the existing expertise in particulate capture can already meet the increasingly demanding global emission standards.

Faurecia is able to provide systems integrating the most efficient pollutant and particulate treatment technologies in an optimized volume for all vehicle types.

Connectivity

Connectivity is a fact in our societies and will continue to grow. Mobile phones are now indispensable and there is a need for continuous connectivity in all circumstances. Cars cannot avoid this trend, which, for instance, requires better integration of phones inside vehicles. Vehicle screens will be expected to mirror phone screens. The vehicle itself will become an increasingly connected object, capable of exchanging information with its environment for greater safety during travel, communicating with infrastructures and, in the near future, with other vehicles. Not only does this connectivity enable vehicles to communicate with the outside world, it especially makes it possible to develop predictive systems, such as alternate routes in case of high traffic, and new functions depending on weather conditions and road profiles requiring varying degrees of vigilance. In 2016, Faurecia, aware of the magnitude of the need for connectivity and new on-board functions, and of the necessary evolution in terms of man-machine interfaces, joined forces with Parrot Automotive to become a recognized player in this field.

Autonomous car

One of the major automotive trends is the automation of driving, which may extend to the complete autonomy of the vehicle. It represents a defining challenge for the automotive industry, because it will ultimately decide the driving mode, automated or not, based on the constraints of the road and the will of the driver. Automation will also result in improved passenger safety, thanks to numerous on-board sensors and algorithms. It will make traffic more fluid by taking into account and anticipating traffic realities (traffic intensity, traffic lights, etc.) and allow passengers to make better use of the time spent in the vehicle (work, communicate, relax, study, etc.). This move towards automation began with the integration of driving support tools such as line-crossing alerts and obstacle detection radars. It is now gaining momentum with, as a first step, delegated driving, meaning the vehicle can drive autonomously in particular conditions and on protected roads, while requiring the possibility



of rapid vehicle command recovery (approximately ten seconds), as of 2020. As a second step, the automation process will reach more advanced levels as of 2025, with vehicles capable of more autonomous driving requiring them to control and adapt their behavior to the environment, road and conditions. In the third and last step of the process, there will be fully autonomous vehicles under all conditions of use as of 2030. In addition to driver-controlled passenger vehicles with more automated

driving options, new vehicles will be created such as Robot Taxis. The automation of driving opens up considerable prospects for reconfiguration of vehicle interiors, by integrating new use cases as previously described. It will make it possible to offer new and differentiated experiences for passengers, by physically adapting the vehicle interior and adding predictive functions capable of anticipating and satisfying needs. The Cockpit of the Future project is part of this approach.

7.2. Research and innovation

In 2016, Faurecia fine-tuned its innovation plan, to focus on two main areas, under the title "Inspiring Mobility": sustainable mobility and Cockpit of the Future. Sustainable mobility involves weight reduction, air quality, energy recovery, and the development of biosourced materials. The Cockpit of the Future

project involves tailoring comfort to personal needs, intuitive connectivity, the perception of harmony, and safety. These strong avenues for innovation help to refocus the Group's efforts on what creates value for automakers and consumers.

7.2.1. DESIGN APPROACH

Systems approach

Faurecia develops and fits in complete modules such as seats, cockpits and exhaust systems. It develops its own product architectures for each module. Each time new architectures interact with the vehicle, Faurecia works with the automakers to confirm the validity of its proposals. This is particularly the case for the Cockpit of the Future project which involves the interior architecture, comfort and safety.

To accompany the systems approach, Faurecia develops systems engineering in each of the areas covered by the modules it designs.

Product design and process

Product and process design is central to the activity of the Group's engineering teams. Faurecia develops its own rules and design standards. This guarantees a high level of robustness and a competitive advantage.

Its design rules are part of knowledge management, and result in technical training.

Faurecia's systematic search of the best production technologies appropriate to its product portfolio and their adaptation to its requirements represent a second aspect of the product/process performance.

These approaches have allowed the Group to develop lighter, more standardized and more modular products than the competition and given it benchmark price/performance ratios.

The industrial chair of composites with the *École Centrale de Nantes* (France), the chair of processing methods for metal materials with the *Technische Universität Dortmund* (TUD, Germany), as well as a chair in polymer chemistry and renewable materials with the University of Freiburg (FMF) and SKZ Würzburg are part of this process.

7.2.2. SUSTAINABLE MOBILITY

Weight reduction

Automakers have two main levers for significantly reducing vehicle fuel consumption and CO₂ emissions: powertrain development and optimization and weight reduction. The target is to reduce the vehicle's total weight by 200 to 300 kg, which corresponds to a reduction of 20 to 30 g of CO₂ per kilometer.

The introduction of a new WLTC vehicle test cycle in the WLTP test protocol mentioned in Section 7.1 and the fact to be able to achieve CO₂ levels of 95 g per kilometer in 2022 and around 75 g per kilometer after 2025, requires optimization vehicle weight which is a key factor.

Faurecia, through the extent of its product scope, research into new materials and manufacturing processes and its expertise in optimizing product/process design, has made weight reduction a priority, as shown by a product range of the highest standard.

The multi-criteria approach allows to combine the effects of a systems approach to product design with the development of new shaping or assembly technologies.

This has resulted in weight reductions in the order of 20% to 30% in new products currently being developed. This corresponds to gains of approximately 60 kg out of the 200 kg represented by Faurecia products. Some of the following products and processes were introduced in 2012. Others have been rolled out since 2013 and started to become standard across the Group in 2014.

Work by successive approaches from an efficient concept in respect of seat frames has allowed weights to be brought down to roughly 10 kg, compared with approximately 14 kg and then 12 kg per frame. Laser welding was a key factor in achieving this. The mechanisms of these frames have currently been reduced in weight by approximately 30% to 40%, setting a new benchmark.

Induction brazing developed to assemble the various parts of the components of exhaust systems is now in mass production, resulting in a gain of 20% to 25% by allowing the use of thinner materials. The proprietary application of this technology in exhaust systems will be gradually extended to numerous other projects. The hydroforming technology developed by Faurecia to reduce the number of parts and optimize thickness can be combined with induction brazing to provide gains of more than 30%. The development of acoustic valves is also a means of reducing the size and weight of mufflers.

Moreover, Lignolight technology (a Faurecia patent), using compressed fibers for between 50% and 90% of the resin,

applied to door panels, improves density by 40% compared with traditional components.

New technologies currently under development will allow further progress. Strategic partnerships with research laboratories, combined with its internal knowledge, will enable Faurecia to become a key player in the development of composites for the automotive industry. Faurecia in this way has mastered all the technologies currently used in mass production, is working on their optimization and is investing in future technologies including thermoplastic resins with reduced cycle times. Mastery of these technologies opens up a new field of business development for Faurecia, with the potential use of composite materials for the structural parts of a scope representing weight of approximately 100 kg. The target reduction is of the order of 40%.

Many other advanced studies are underway with other automakers throughout the world, demonstrating the relevance of Faurecia's proposals in this field.

Furthermore, Faurecia initiated the launch in France of an economic carbon fiber project, known as FORCE, which will ultimately make it possible to offer carbon composite parts for mass-produced vehicles. The project, which involves a consortium of 13 partners, is currently in its second phase and will result in a laboratory pilot line that can produce several kilos of carbon fiber per day.

Size reduction

Reducing product size optimizes passenger space and helps reduce vehicle size. This translates directly or indirectly into a decrease in mass.

In Faurecia Automotive Seating, lighter and less bulky mechanisms mass-produced as from 2013, the use of composites for the back of the front seat and the compliant shell back provide significant space gains in spaciousness of up to 50 mm.

For Faurecia Clean Mobility, the grouping of oxidation, selective catalytic reduction and particulate filtering functions into a module capable of being integrated into the engine environment represents a breakthrough in design and frees up space under the floor. Studies on reducing the length of exhaust systems are underway, allowing the vehicle floor to be made compatible with the additional batteries needed for motor hybridization.



For the Faurecia Composite Technologies division, within Faurecia Clean Mobility, the aim in particular is to optimize the size of the shock absorbers in order, for example, to reduce the front overhang and give the designer greater freedom while reducing vehicle weight.

Finally, Faurecia Interiors is working on intelligent surfaces which include electronics and plastic technologies to optimize the packaging of the instrument panels, center consoles and door panels.

Energy recovery

Faurecia develops technologies for the recycling of thermal energy available in exhaust systems to be recycled, either directly, in order to heat the cabin or heat up the powertrain or transmission faster, or indirectly, by converting the heat into electricity to power the accessories and potentially hybrid powertrains or into mechanical energy to move the vehicle.

The direct application (known as thermal recycling) resulted in the launch of two new products in 2012: Generation 2 of the underfloor Exhaust Heat Recovery System (EHRS), more compact than Generation 1, and the Exhaust Heat Recovery Manifold (EHRM) which has been fitted in particular to the latest version of the Ford Fusion. These products, applied to conventional and hybrid vehicles, reduce CO₂ consumption by 2 to 8 g/km of carbon dioxide on the EU test cycle. Both products are present in the new Hyundai Ioniq hybrid launched in 2016.

For the indirect application with conversion of thermal energy into electric power, two technologies have been considered: thermoelectricity, which uses a semiconducting material crossed by a heat flow to generate electricity, and the generation of mechanical energy from the "Rankine" cycle, which uses vaporized fluid to power a turbine. This mechanical energy is then converted by the turbine into electricity. This generates about 1 to 2 kW of power which reduces CO₂ emissions by 4 to 10 g/km.

For trucks using the "Rankine" system, the mechanical energy generated will be directly converted to mechanical energy in the engine crankshaft, thereby creating a power boost of around 10 to 15 kW and reducing CO₂ emissions by about 45 g/km.

Air quality

2015 saw the introduction of a statutory European real driving emissions test to measure nitrogen oxide emissions. Mentioned in Section 7.1 the test, known as the RDE (Real Driving Emissions) test, will stipulate a compliance factor between real driving tests and bench tests. As of September 2017, this compliance factor will be 2.1. It will be reduced to 1.5 as of 2020. To achieve the requisite performances levels (80 mg of NOx per kilometer), all

automakers will, at the very least, have to incorporate efficient after-treatment systems with the result that Selective Catalyst Reduction (SCR) will become standard for all their Diesel vehicles.

On a more general note, Faurecia has the full range of technologies used to reduce emissions of nitrogen oxides and particulates for diesel engines, regardless of the vehicle (passenger and/or commercial), it being understood that the specifications of these technologies are defined by the automakers, who are also responsible for carrying out the tests.

The underlying principles of these technologies are of two types:

- recycling of gases through the low-pressure loop. The gases burned are reinjected into the cylinders to lower the combustion temperature and oxygen content in the combustion chamber. This loop, known as the EGR (Exhaust Gas Recirculation), requires an electric valve that opens on demand. Faurecia has developed its own valve to meet growing market demand;
- direct treatment of gas through Selective Catalytic Reduction (SCR). Using this process, Faurecia has developed a system for mixing gases using either a liquid catalyst known as AdBlue® or gaseous ammonia directly. Faurecia is developing its own gaseous catalytic system to reduce emissions of nitrogen oxides. The Ammonia Storage and Delivery System (ASDS) process stores ammonia in a compact gaseous form, delivering an improved performance compared with a traditional liquid-form storage system, in particular at low temperature. This system is now in production for trucks and buses.

Faurecia also develops a system that incorporates an oxidation catalyst, a gas mixer with a liquid or gas catalyst (BlueBox), and particulate filters. It moves all of these components closer to the engine, thus substantially increasing the system's temperature and efficiency, in particular under conditions of urban traffic, and to make size and therefore weight gains. This technology enables, in combination with the engine architecture, the auxiliary systems defined by the automaker and the engine calibration (not controlled by Faurecia) to eliminate 95% of nitrogen oxides when using AdBlue® and up 99% when using ASDS and to comply with the 2017 Euro 6.c standard as well as the 2020 Euro 6.d standard.

EGR and SCR technologies are increasingly being used for passenger and utility vehicles (less than five metric tons) in Europe and North America. The most stringent regulations make particulate filters and SCR or EGR systems mandatory for commercial vehicles. Faurecia is on track to conquer these markets. In addition, some applications require innovations such as the Thermal Regenerator™. These NOx treatment technologies have already been incorporated into Faurecia's product offering, and are already included in several models that are looking ahead to the Euro 6 standard or similar regulations.

Furthermore, in 2014, Faurecia supplied the world's first particulate filters for gasoline direct injection engines. This technology will become standard in the upcoming years.

With its expertise in exhaust gas treatment, and taking into account the regulatory changes pertaining to pollutant emissions, Faurecia has entered the market for Off Road vehicles and ships, the latter including engine power ratings of up to 100,000 horses with appropriate post-processing systems. For Faurecia it means extending its product scope and to offer these industries the benefit of its latest technological developments.

Renewable materials

Faurecia develops and incorporates bio-based materials and this is also an effective way of taking up positions that span the entire product life cycle.

In addition to the Lignolight technology described above, natural fibers are a focus for Faurecia. NAFILEan technology (NAtural Fiber Injection), which combines natural hemp fibers with polypropylene resin, reduces weight by 25% compared with talc-loaded polypropylene. This technology, now in production on the door panels for the new Peugeot 308 and the instrument panel

structures for the new Alfa Romeo Giulia, received the 2014 innovation prize in the green innovation category from CLEPA (European Association of Automotive Suppliers). A massive deployment of this technology is underway. In 2014, an APM (Automotive Performance Material) joint-venture was established with the Interval company in order to produce granules of this material. Faurecia's portfolio includes natural fibers combined with polypropylene fibers. The technology, which is used on the door panels, provides a 20% weight saving compared to the best of all other technologies. The Lignolight technology, applied to a full door panel, uses wood chips compressed with resin which, combined with a molding operation, reduces weight by approximately 30% compared with standard technologies.

The final step is the generation of 100% natural materials for the mass production of semi-structural automotive applications. This was the purpose of the partnership launched in 2012 with Mitsubishi Chemicals. This joint work is based on the modification of polybutylene succinate (PBS), derived from biomass and patented by Mitsubishi Chemicals, allowing it to be made entirely from natural materials. BioAmber provides biosourced succinic acid to both partners. This resin is combined with natural reinforcing fibers to make parts using the injection molding process.

7.2.3. COCKPIT OF THE FUTURE

In future, cars will be more connected, more electrified and more autonomous. These three aspects will bring about a revolution in vehicle interiors as we currently know them. New interior configurations will see the day to meet new needs such as being able to work, relax, communicate and even sleep in some cases. New use cases will emerge depending on the type of vehicle, the passengers, and the nature of occupancy.

The level of vehicle sharing and the requirements for more intuitive, adaptive and cheaper mobility will also play a role.

To meet these challenges, Faurecia, the only automotive supplier capable of providing complete vehicle interiors, has assembled a team dedicated to the Cockpit of the Future with missions to define the best use cases, put them into practice, assess them, and develop related products and technologies.

Various demonstrators were presented at the Paris Motor Show in September 2016, in particular the "Intuition" interior concept, representative of a Level 3 automated vehicle (possibility of letting go of the steering wheel to work or relax and to resume control in five to ten seconds) and the Active Wellness 2.0 seat, which is equipped with sensors that analyze the driver's health and fatigue according to twelve criteria and proposes appropriate solutions such as relaxing or energizing massages or increased heating to enhance the driver's vigilance or to reduce his or her stress level.

Other vehicle automation levels are being studied, such as Level 4, meaning the vehicle can be autonomous on stretches of road (for example on motorways) where drivers may reduce their vigilance level and do other things than drive, even sleep.



The interior of the vehicle must therefore be physically adapted to these new use cases, while also being predictive in that it can propose solutions or adaptations to anticipate the user's requests, such as preconditioning of the vehicle interior or more complex solutions taking into account external vehicle data with a predictable impact on the interior. The generation and processing of data are key factors of the predictive aspect and can be seen as examples of "machine learning" or artificial intelligence.

The new combinations of interior design, safety and comfort are key elements of the new interiors. Faurecia masters some of them, but is also creating an ecosystem enabling it to advance in these areas.

To become a connectivity player, on December 6, 2016, Faurecia also announced that it was in exclusive negotiations to create a strategic partnership with Parrot Automotive, one of the leaders in connectivity and infotainment solutions for the automobile industry, in order to develop applications and platforms for connected vehicles. The achievement of this project could lead Faurecia to progressively take control of Parrot Automotive, through an initial stake of 20% in the capital stock, and by 2022, ownership of all Parrot Automotive's shares.

Personalized comfort

Faurecia has always positioned itself as a key partner of automakers in the area of seating comfort. The development of postural comfort software, optimization of the pressure at the occupant-seat interface, and filtration of vibrations from the vehicle floor are all areas upon which Faurecia has built its reputation. The latest innovations relate to the development of multi-hardness foams, which filter the various types of vibrations and optimize seat thickness in order to reduce its height, but they also propose a set of pneumatic systems that adjust the shape of the seat to the occupant and use inflation/deflation cycles to generate a massage with characteristics that can be adapted as needed.

The need of comfort will increase in the future, as vehicles become more autonomous and passenger activities more varied, ranging from working to sleeping. Faurecia's experts are preparing for this change, for instance by studying motion sickness, the treatment of which will be an essential condition for the success of automated driving, in particular if users wish to read during periods of automated driving.

Lastly, Faurecia will continue to develop its Active Wellness 2.0 seat mentioned above.

Safety

Faurecia is a supplier of components that play an important role in passive safety and thus help save lives or limit injuries to drivers or passengers. Seats help provide about 80% of rear impact protection, about 30 to 40% for frontal impacts and, depending on the automaker, between 30% and 80% for side impacts. The instrument panel incorporates all the issues relating to the deployment of airbags. In the area of pedestrian impacts, bumpers make a decisive contribution in efforts to limit injuries, by devoting attention both to their intrinsic characteristics and to the kinematics of the impact sequence.

Over the years, Faurecia has taken position as a key partner for automakers in this area, initially by emphasizing the importance of safety and then by developing products and expertise that allow the Group to devote research efforts, in a measured and confident manner, to all anticipated changes. Each link in the safety chain is associated with design rules that guarantee the system's performance and its longevity.

The Cockpit of the Future approach evoked above strengthens the need to treat internal vehicle security as a new system that Faurecia needs to manage through selected partnerships, with the aim of advancing solutions linked to new interior configurations and the associated use cases.

Interior harmony and connectivity

Faurecia is the only automotive supplier capable of providing all of the items constituting the visual ambiance of the vehicle's interior: instrument panel, central console, door panels and seats.

In the near future, vehicle interiors will undergo major changes as regards the number and surfaces of screens, the use of noble materials (wood, aluminum, ceramics, etc.), the need for interior reconfiguration in line with the possible activities, and new design standards.

To meet this challenge, Faurecia is implementing a comprehensive methodology bringing together designers, developers and business experts, with the goal of offering unique designs, ensuring the perceived quality of the solutions, and developing suitable technologies.

A concrete example is the merger of decoration, screens and ventilation outlets on the instrument panel, for which Faurecia is developing three-dimensional surfaces in glass integrating screens, driving instruments, command buttons and ventilation outlets, the mechanical part of which is hidden. This innovation was presented at the latest Paris Motor Show in September 2016 and foreshadows the interiors of tomorrow.

Some of these innovations are possible due to the network of start-ups that Faurecia has started to build and operate.

Furthermore, the innovations linked to the human-machine interfaces meet users' connectivity needs through their smartphones but also through their vehicle which may replicate their smartphone. To become a connectivity player, Faurecia, as described above, entered into a partnership with Parrot Automotive. This investment meets the need for connectivity as well as the need for predictivity to be implemented inside the vehicle in order to anticipate external events and to offer solutions to circumvent or avoid them.

The interior lighting also creates an atmosphere and light signature that can be associated with a driving style or a sense of well-being. Faurecia holds the entire range of technologies that can meet multiple demands and integrate with all types of media. By providing a wide range of materials and technologies, Faurecia allows the creation of varied interior environments for all market segments.

7.2.4. ORGANIZATION OF INNOVATION

The innovation process

Faurecia develops its products and technologies within a structured approach known as process innovation. This process sets out the different stages in maturation from the initial idea to final validation. At each step, a validation committee rules on the transition to the next step.

Monitoring this process makes our innovation more robust, and allows it subsequently to be integrated into vehicle projects with limited risk.

Management of expertise

Faurecia's expertise is structured around skills in 66 areas. In 2016, the expert network comprised 344 experts, divided into three levels: expert, senior expert and master expert. The experts have a career path parallel to that of management and are recognized in the same way in the Company. Experts are primarily responsible for innovation and knowledge structuring, but are also involved in all stages of product and process development so as to ensure technical excellence at all levels.

Partnerships

To expand and enhance its expertise, Faurecia is actively developing new partnerships with suppliers and research institutes.

This is demonstrated by the creation of a chair in composites with the *École Centrale de Nantes* in 2011, followed by an additional three chairs in 2012: automotive mechatronics with Supélec and ESIGELEC; assembly lines and logistics with the *École Centrale de Paris* (ECP, France) and the *Technische Universität München* (TUM, Germany); metal materials and innovative processing with the *Technische Universität Dortmund* (TUD, Germany) and the most recent chair in 2013 with the University of Freiburg (FMF) and SKZ Würzburg, both located in Germany, for the chemistry of plastics and biomaterials.

In addition, a master agreement was signed in 2012 with Fraunhofer ICT (Germany) on composite production technologies, which further confirmed Faurecia's determination to work with academic institutions to achieve greater mastery of the phenomena encountered and to open other avenues of innovation.

Faurecia is also strongly involved in France in the IRTs (*Instituts de Recherche Technologiques* – Technological Research Institutes) Jules Verne and M2P in order to develop innovative production processes in the field of composite and metal materials, as well as in start-up research through incubators in France and abroad. Specific cooperative actions are also implemented on a case-by-case basis for innovation projects that require technologies related to Faurecia's core business lines.

Investments

In 2016, the continuous innovation work resulted in the filing of 501 patents. Of these 501 patents, 27% were filed by Faurecia Seating, 55% by Faurecia Interiors and 18% by Faurecia Clean Mobility. This result confirms Faurecia's commitment to innovation. These patents pertain to products (approximately 80% of the filings), materials, and manufacturing processes, demonstrating the efforts made to optimize the entire product value chain.

This commitment to research and development is demonstrated regularly by the opening of new research and development centers in various geographic areas and the modernization of historic centers for which technologies have changed.



7.3. Engineering and program management

Carrying out innovation and vehicle application projects calls for highly reliable and effective organization of engineering and programs. Faurecia is organized in a way that meets both these requirements.

Engineering

Faurecia currently operates 30 R&D centers worldwide. Each Business Group's research and development is spread across our three main geographic areas: Europe, America and Asia. Since it is structured as a network, it can run global programs and commit as many of its resources as are needed through its worldwide workforce (quantity), or commit the right experts, particularly for innovation or vehicle application projects (quality).

Project Management

Vehicle application programs follow a unique process, bringing together all the participants needed to develop and launch a new, mass-produced product. The Program Management System (PMS) process, describes all the requirements at each phase of the program. Every program is given periodic interim reviews, first by specialists and then at the close of each phase by management, so that its progress can be seen.

The PMS consists of five phases:

- obtain and validate customer needs;
- develop the product;
- test the product and develop the manufacturing process;
- plan and validate production machinery;
- ramp up line speeds and launch mass production.

To track performance throughout the development process and steer it towards excellence, Faurecia has introduced the idea of program management excellence. This new approach involves the foregoing elements plus:

- system audits of the program requirements to ensure disciplined implementation;
- performance indicators, reviewed monthly, to signal future risks.

These various tools have made it possible to significantly improve the programs' performance in terms of finance, quality, lead times and launches of mass production.

636 programs run by 430 program managers were in development at the end of 2016.



8

Faurecia and sustainable development

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The information contained in this chapter aims in particular to meet the requirements of Article L. 225-102-1 of the French Code of commerce, as amended by French Law No. 2010-788 of July 12, 2010 and Decrees No. 2012-557 of April 24, 2012 and No. 2016-1138 of August 19, 2016.

Decree No. 2016-1138 of August 19, 2016 introduced the issue of actions to combat food waste. However, due to Faurecia's

limited impact in this subject and the sub-contracting of catering services to exterior companies, this topic is excluded from the extra-financial data presented in this chapter.

Other information, including workforce-related disclosures, are provided in Chapter 5 of this Registration Document.

8.1. Faurecia and the environment

8.1.1. FAURECIA'S PRODUCTS AND THE ENVIRONMENT

Many different approaches are used by Faurecia to help reduce its environmental footprint and to position the Company as a sustainable mobility player. These range from weight reduction, limiting emissions of noxious gases, and lowering noise levels to exhaust energy recovery, the development of products made from biosourced materials.

Thus, Faurecia takes environmental factors into account at all stages in the product life cycle, from the initial design to end-of-life management, including the environmental impact of its production sites and the potential for collaboration with suppliers.

From product design to manufacturing, Faurecia's approach aims to:

- reduce the environmental impact of vehicles through its products;
- ensure the recyclability of its products and promote the use of recycled materials;
- control the use of chemicals, and reduce their use;
- manage consumption of materials.

In this context, Faurecia's approach builds on different design and support tools to help it meet legal requirements.

8.1.1.1. Approach

PRODUCT APPROACH

From product design to the technical expertise provided to automakers, Faurecia's process spans three areas:

- lowering vehicle emissions of greenhouse gases (GHG) thanks to weight and volume reduction and improvements to energy efficiency (for example, by using energy recovery techniques);

- controlling polluting gas emissions;
- increasing the use of biosourced materials.

Reducing greenhouse gas (GHG) emissions

Section 7.2.2. of this Registration Document includes a description of the action taken by Faurecia in this area.

Controlling polluting gas emissions

Section 7.2.2 of this Registration Document also describes action taken by the Group with regard to control of emissions.

Emissions other than those generated by vehicles have long been studied by the Group and taken into account in its product development processes. These involve volatile organic compounds (VOCs), which can adversely affect vehicle interior air quality, abbreviated as VIAQ. As part of its commitment to reducing these emissions, the Group is developing or designing low-emission materials or products for Faurecia Interiors and Faurecia Seating. In collaboration with its suppliers, the Faurecia Composite Technologies division, within Faurecia Clean Mobility, is developing new polyester resin or styrene-free vinyl ester based materials with the aim of reducing VOC associated emissions both in its plants during part manufacturing and in vehicle interiors.

In this context, Faurecia also takes part in working groups on VIAQ (Vehicle Interior Air Quality) at the United Nations level, in collaboration with manufacturer representatives; these groups aim to monitor the health of people on-board and continuously improve Faurecia's and the automobile industry's knowledge in measurement methodologies and the impact of Group products present inside vehicles.

Using biosourced materials

Section 7.2.2 of this Registration Document contains information on the use of biosourced materials.

RECYCLABILITY AND THE USE OF RECYCLED MATERIALS

Faurecia includes recyclability and the use of recycled materials in its environmental approach. This includes anticipation of the end-of-life phase and optimization of production waste recovery.

Recyclability

European Directive 2000/53/EC of September 18, 2000 on end-of-life vehicles stipulates inter alia that vehicles will have to be 95% recoverable by weight, of which 85% will have to be actually reusable or recyclable, by January 1, 2015.

Given such onerous regulatory requirements, automakers are placing ever-greater demands on their suppliers in terms of end-of-life product recyclability.

All of Faurecia's Business Groups are affected by these obligations and, depending on the characteristics of the component in question, have implemented plans and solutions to ensure that end-of-life products are processed as efficiently as possible in the future.

As regards current solutions, an innovative product must be measurable both in terms of improved technical and economic performance and its carbon footprint. Faurecia is committed to a process of forecasting and recovering future end-of-life products. Selective trials overseen by Faurecia comprise the first phase of a comprehensive approach by the automotive sector in partnership with industrial firms, academia and auto "clusters", to forecasting volumes of materials available for recycling in the future.

Faurecia Interiors, after performing tests on the recycling and recovery of complex products via disassembly, has begun similar operations after shredding vehicles. Industrial-scale recyclability studies and tests have been undertaken with certain car-shredding plants, both on existing products and materials being developed, including agro-composites. For example, the NAFCORECY (NAtural Fiber C0mposites RECYcling) project was able to demonstrate, with the help of European companies specialized in recycling, that parts made of NAFILEAN (polypropylene with natural fibers) can be processed with post-shredding technologies for end-of-life vehicles or recycling technologies used for industrial waste.

Research work within the Faurecia Composite Technologies division has focused on developing new materials/procedure couples from Polyamid or Polypropylene type thermoplastic resins. These resins substitute for thermosetting polyester or epoxy resins to enable a shredding recycling circuit to be implemented with the reuse of the shredded materials according to a defined introduction rate to make new reinforced thermoplastic injection parts.

All possibilities for recycling end-of-life products are studied with a view to integrating the best solutions, ensuring reduced environmental impact and taking into account all utilization cycles at the design stage. Faurecia also uses life cycle analysis

to "eco-design" its products, integrating all of the above criteria as early as possible into the innovation and development processes.

Inclusion of recycled materials

Faurecia offers an increasing number of recycled plastic parts.

Within Faurecia Seating, depending on the type and category of vehicle, various components are now partly made of recycled polypropylene. Taking all these components together, recycled plastics can now account for 15-20% of the materials comprising the seats manufactured by Faurecia.

Within Faurecia Interiors, the incorporation of recycled material is taken into account and validated in new product development, with the same constraints and specifications as virgin materials.

In addition, Faurecia maximizes the incorporation of recycled natural fibers (mainly cotton) in its vehicle soundproofing systems.

Within the Faurecia Composite Technologies division, innovation projects aim to use a maximum of carbon fibers from fabric scraps, continuous fibers from current technologies (RTM Preforming) both from the automotive and aerospace industry. These fibers are integrated into SMC (Sheet Molding Compound) or BMC (Bulk Molding compound) type compounds. These materials are then compression formed to obtain structural parts that meet the mechanical specifications required by automakers.

Life cycle analysis studies show that the use of recycled materials can reduce the environmental impact of manufactured products. Faurecia, like its automaker customers, has considerably extended its panel of suppliers of recycled materials. This allows us today to offer increasingly technical applications with increasingly wide material grades.

CONTROLLING THE USE OF CHEMICALS: THE REACH REGULATION

Substance management systems are put in place across the entire supply chain, from suppliers to manufacturing customers, for all products delivered by Faurecia. Among other benefits, this approach gives the Group access to complete information on the substances entering into its products, in order to ensure that all actors in the supply chain comply with regulatory frameworks on chemicals and their safe use, such as the European Union's REACH (Registration, Evaluation and Authorization of Chemicals) regulation. Thanks to this approach, Faurecia also keeps a close watch on new developments in its supply chain in order to investigate substitutes for certain substances when necessary.

Among its initiatives in this area, Faurecia has developed an anticipatory approach to the identification and sharing of information within the supply chain on chemicals or constituents of concern, based on a list of chemicals or constituents considered as potentially of concern for its products and their use. In some cases, such as catalyst protectors in exhaust systems (ceramic fibers), Faurecia has defined an internal procedure that is more stringent than REACH.



Faurecia also takes part in work carried out alongside automakers and various industry federations or associations in order to anticipate possible restrictions on the use of substances in the coming years and coordinate efforts to propose alternatives where necessary. The federations and associations involved include the French Vehicle Equipment Industries Alliance (FIEV), the French Automotive Industry Cluster (PFA), the German Automotive Industry Association (VDA), and the European Association of Automotive Suppliers (CLEPA). Faurecia leads the task force on REACH as well as the one formed to address issues raised by the Global Automotive Declarable Substance List (GADSL).

MANAGING CONSUMPTION OF MATERIALS

One of the important aspects in reducing the environmental footprint is managing the consumption of materials, through the optimization of product design and the optimization of materials used during the parts industrialization phases and the management of manufacturing processes. The use of product simulation has enabled considerable reductions in the number of prototypes used for destructive testing over the last few years. On the manufacturing side, the simulation of parts transformation processes and the digitalization of production resources to manage variability thus avoiding high scrap levels and breakdowns are tangible examples.

8.1.1.2. Tools for integrating the eco-design approach

For each innovation and development project, the different components of eco-design – the presence of substances of concern, recyclability, the environmental footprint and interior air quality – are systematically checked by the designer using an eco-design checklist. If necessary, an in-depth study may be carried out (life cycle analysis for an innovation that aims to reduce weight, VOC and odor tests, etc.).

LIFE CYCLE ANALYSIS

Faurecia increasingly uses life cycle analysis (LCA) as an engineering tool at various levels to steer its strategic decisions and those of automakers: on its products, on the entire vehicle (from the extraction of materials to delivery to automakers) and on the entire vehicle life cycle (including customer use and recycling).

Framed by international standards ISO 14040 and ISO 14044, this methodology consists of assessing the environmental impact of products designed and manufactured by Faurecia for use in automobiles. It involves the fullest possible impact assessment, including climate change (including CO₂), the consumption of non-renewable resources (oil and coal) and eutrophication.

LCA allows both Faurecia and automakers to:

- make the right design choices for current vehicles (with gasoline or Diesel internal combustion engines) and for those of the future using alternative fuels and with more environmentally-friendly emission control systems;
- assess and avoid impact transfer by focusing on alternative solutions (e.g. by developing a lighter but non-recyclable product).

This is an especially useful innovation tool for evaluating benefits as well as any impact transfers as far upstream as possible through a comprehensive overview of the environmental impacts that paves the way for future innovations. For instance, the measurement of the environmental footprint generated by new products or materials is always supplemented by a detailed LCA, investigating issues of particular relevance (in line with objectives such as weight reduction or lower energy consumption).

It also provides a more in-depth understanding of the environmental choices of an entire industry. Faurecia is therefore heavily committed to developing and using LCA in liaison with automakers and auto sector partners as the means of gaining a shared understanding of environmental challenges.

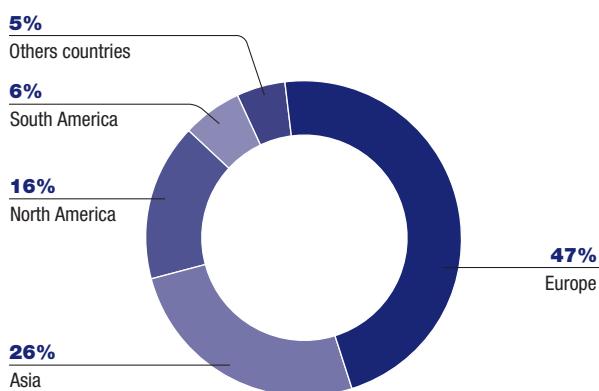
8.1.2. FAURECIA SITES AND THE CONSIDERATION OF THE ENVIRONMENTAL IMPACTS OF THEIR ACTIVITIES

The scope of this reporting covers production sites (technological plants), assembly sites (called *Just In Time* sites) and R&D sites, i.e. a total of 234 sites.

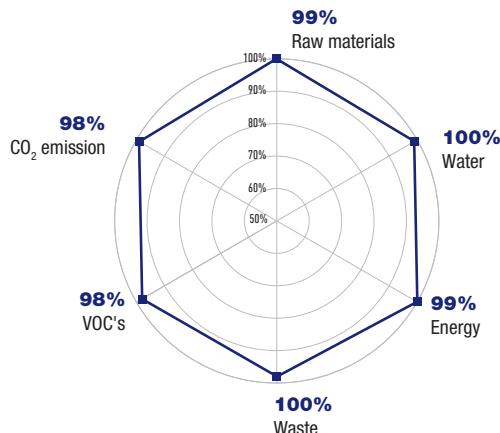
In the course of 2016, Faurecia completed the sale of its Faurecia Automotive Exteriors activity. Studies conducted at constant scope between 2014, 2015 and 2016 therefore do not include the sites of this activity. As compared to 2015, thirteen sites have been integrated in the reporting and twenty-four have been excluded.

The evolution of the quantitative indicators is assessed at a constant scope in the whole of this Section 8.1.2 (excluding new acquisitions and site closures). Graphical analysis is calculated on a real scope basis which may explain a difference between the figures and the indicators in the text.

DISTRIBUTION OF FAURECIA'S SITES PER CONTINENTAL ZONE (2016 SCOPE)



COVERAGE RATES FOR ENVIRONMENTAL INDICATORS FROM NOVEMBER 1, 2015 TO OCTOBER 31, 2016



8.1.2.1. A Group and sites committed to an environmental management approach

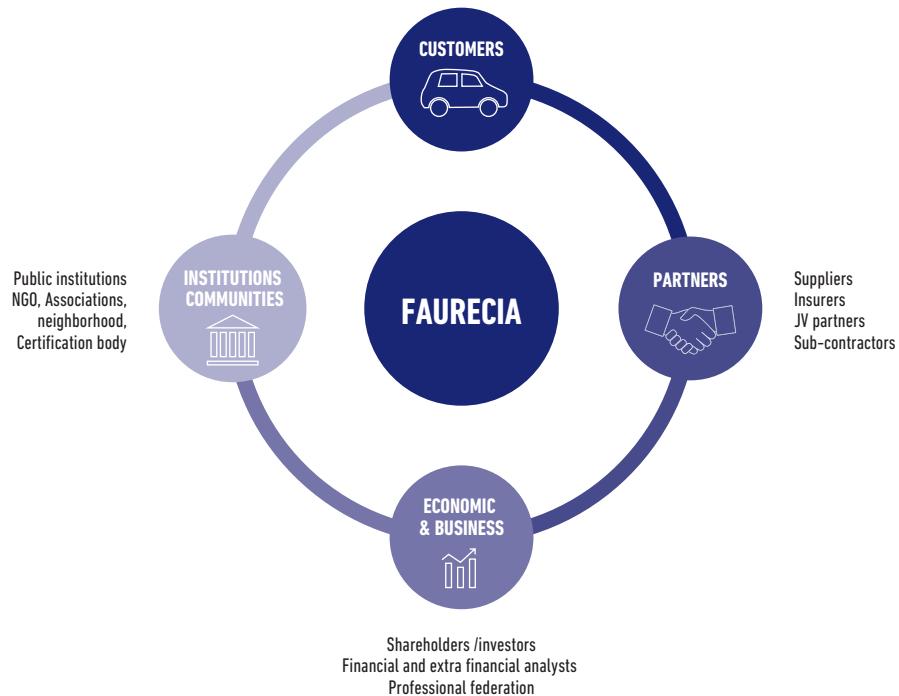
As a major player in pollution control systems and sustainable mobility, Faurecia is strongly committed to reducing its environmental impact. As early as 2004, the Group adhered to the UN Global Compact principle. Through this signature, it committed itself to respecting and promoting, in its business practices, a set of values and principles derived from international texts or conventions relating to human rights, labor standards and environment. In 2016, Faurecia decided to strengthen its commitment to protecting the environment by setting up an Environmental Committee, led by the Industrial Strategy department, comprising the Customer Relations Director, the three HSE Business Group Directors, Purchasing, Strategy and Innovation, Communication, Risk Management and Loss Control departments. This committee meets monthly and aims to deal with environmental issues in a cross-cutting manner. It enabled the launch of a dialogue, directly linked to its environmental responsibility, with the Group's external stakeholders. The aim was to update the materiality analysis carried out in 2015 and to set up an environmental breakthrough plan by 2017.

The key performance indicators of this plan will be presented and discussed by the Environmental Committee on a quarterly basis.



8.1.2.1.1. INITIATE DIALOGUE WITH STAKEHOLDERS AND REINFORCE THE MATERIALITY ANALYSIS

Internal and external stakeholders are at the heart of the Group's environmental approach. The need to understand the issues, to define and co-build relevant approaches, has led Faurecia to map its stakeholders in the environmental field.



For each of the four major categories presented in the scheme above, the Environmental Committee identified one or two key players who were then interviewed in order to reinforce the Group's materiality analysis.

Following consultations with internal stakeholders, a list of fifteen issues were identified in 2015. In 2016, consultation with external stakeholders resulted in reducing this list to eight issues. This exercise showed that some themes strongly overlapped.

The main themes highlighted last year are confirmed for 2017 and are listed below in order of importance:

- establish structured environmental governance with clear objectives;
- promote energy efficiency;
- engage in the circular economy (raw materials and wastes management);
- reduce and control greenhouse gas emissions and their consequences;
- manage environmental risks.

Follow-up indicators (constant scope between 2015 and 2016)	2015	2016
Part of ISO 14000-certified sites	75.3%	79.5%
Tons of plastic used/M€ of Faurecia Interiors turnover	45.43	50.75
Tons of metal used/M€ of Faurecia Seating and FCM turnovers	NA	110.71
Energy consumption (MWh)/M€ of turnover	138.4	131.4
Tons of CO2 equivalent/M€ of turnover	49.3	46.9
Tons of waste/M€ of turnover	15.52	15.36
Waste recycling rate	56.22%	58.16%

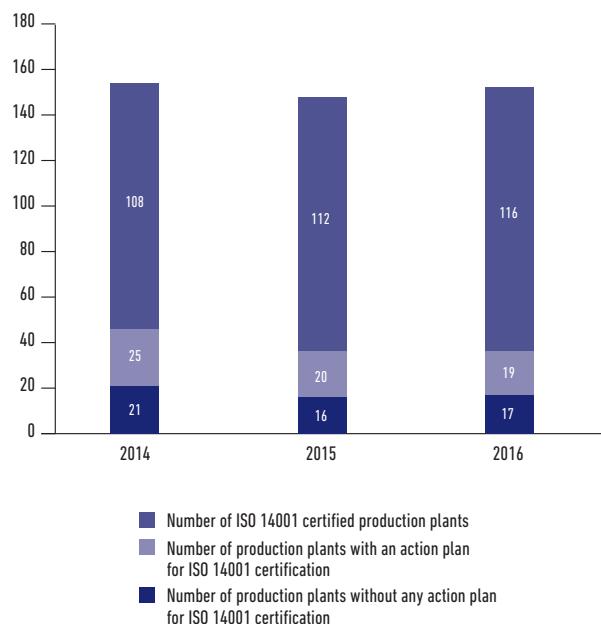
8.1.2.1.2. PROMOTING THE ENVIRONMENTAL MANAGEMENT OF SITES

Among its objectives, the Group asks its Business Groups to take the necessary steps to enable their production sites to obtain the ISO14001 certification.

In 2016, this approach to the environmental management of production sites progressed: 79.5% of sites have their certification, compared to 75.3% in 2015. Seven new plants were certified during the reporting year. The new version of the ISO 14001 standard, published in 2015, has already been initiated at ten Faurecia Seating sites, four Faurecia Clean Mobility sites and twelve Faurecia Interiors sites. Through this certification, Faurecia is committed to meeting its customers' requirements and demonstrating its environmental performance.

As well as its factories, thirty-eight JIT and R&D sites are ISO 14001 certified.

NUMBER OF PRODUCTION PLANTS CERTIFIED ISO 14001 OR HAVING AN ACTION PLAN FOR ISO 14001 CERTIFICATION (100% OF THE REAL SCOPE)



8.1.2.1.3. INITIATE A STRUCTURED HSE APPROACH AROUND KEY PERFORMANCE ISSUES

Last year, the Faurecia Seating Business Group launched its HSE policy, focusing on energy efficiency and recycling.

In 2016, the two other Business Groups, Faurecia Interiors and Faurecia Clean Mobility, published their HSE policy. The main objectives of the sites dedicated to the Interiors activity are to improve their energy efficiency, thereby reducing their CO₂ emissions from scopes 1 and 2, to control their risk of soil pollution and to raise their supply chain's awareness in terms of complying with the Faurecia group's HSE rules.

8.1.2.1.4. TRAIN FAURECIA TEAMS AND TEMPORARY WORKERS IN THE ENVIRONMENTAL MANAGEMENT OF THEIR SITE

As soon as a new employee is integrated, whether on a permanent or temporary contract, he/she attends an outreach session in managing the environmental impact on certified sites. This allows the employee to adopt, in its daily tasks, good practices in terms of environmental protection.

The growing number of employees in Asia has encouraged the Business Groups HSE divisions to deploy ISO 14001 training courses as soon as these employees are integrated. This ensures that they are immediately introduced to the Group's environmental practices.

In 2016, more than 32,000 hours of training (+13% compared to 2015) ⁽¹⁾ were administered.

Training is mainly carried out internally. The sessions deal with environmental risk management (pollution and regulatory non-compliance), waste classification and management, chemicals management, implementation of natural disaster emergency response plans and also the environmental monitoring of subcontractors' sites.

Environmental training focusing on the environmental impact of the product is also planned for the employees of the Faurecia Clean Mobility Business Group.

The training provided by external organizations consists mainly in acquiring in-house sharp expertise, such as mastering the ISO 14001 certification process.

8.1.2.1.5. STRENGTHEN INVESTMENTS IN ENVIRONMENTAL PROTECTION

The principal investments related to environmental protection mainly concern three environmental commitments formulated in the HSE policies of the Business Groups: energy efficiency (buildings insulation, renewal of equipment and adoption of LED lighting), the implementation of structured waste management and pollution control and improved treatment systems for pollutants discharged into the air and water.

In 2016, these investments amounted to € 2.435 million.

(1) The calculation of environment training hours does not exclude the effect of staff turnover.



8.1.2.2. Strengthen industrial performance by promoting the circular economy from the design stage to the disposal of equipment

Aware of the challenges related to natural resources, Faurecia constantly seeks to innovate both in its product design and in the management and recovery of the waste generated by its sites.

8.1.2.2.1. OPTIMIZE SUPPLY SOURCES AND PRODUCTION PROCESSES

The supply of natural resources and raw materials varies at different stages of a product's life cycle. To anticipate the responsible use of resources right from the design phase, Faurecia carries out, in partnership with customers who wish to do so, a life-cycle analysis (LCA) of the produced part.

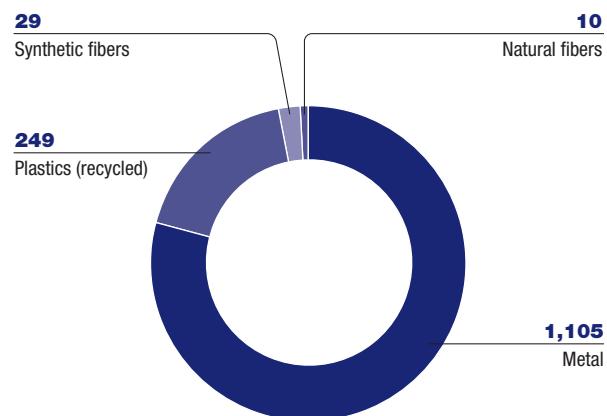
These LCAs allow for reflection on:

- lighter-weight automobile parts;
- the possibility to integrate recycled and/or bio sourced material;
- and their recyclability when the vehicle reaches the end of its life.

Faurecia's projects to reduce the environmental footprint of products are described in Chapter 7.

In order to ensure the production of automotive equipment, Faurecia's three Business Groups use several types of raw material from non-renewable resources: metal ⁽¹⁾, plastic and synthetic fibers, both of which are derived from petrol.

DISTRIBUTION OF CONSUMPTION OF RAW MATERIALS PURCHASED IN 2016 BY TYPE OF MATERIAL, IN KTONS (99% OF THE REAL 2016 SCOPE)



Internal reuse of plastic and fibers scrap

Faurecia's manufacturing sites recycle internally on a daily basis, whenever the production waste can be recycled to be directly reintegrated into the production process. Plastics and fibers can be subject to this.

Strengthen purchases of recycled material

The use of the recycled material in a vehicle depends both on the thresholds laid down in the manufacturer's specifications and on its impact on the aesthetics of the part, all the more so if this is visible in the vehicle's interior.

In 2016, 8% of all plastics purchased by the Group were recycled plastics.

Strengthen the use of bio-sourced raw materials

Fibers

Seven Faurecia Interiors plants have orientated all or part of their production process to the use of natural fibers (linen, cotton, hemp, wood, kenaf ⁽²⁾) in replacement of synthetic fibers derived from petroleum. They represent no less than 25% of the total quantity of fibers used by the Group.

Wood

A Spanish site, belonging to the Faurecia Interiors Business Group, producing interior wooden parts uses waste generated by the furniture and pallet industry as raw material.

(1) To make the data more reliable (see Independent Verifier's Report in 2015), a detailed analysis was carried out at 22 sites representing 80% of the total amount of metal materials purchases from the Business Group concerned. Five other sites underwent a detailed analysis of their metal consumption. The corrections made had an impact on the overall data. The 2016 data therefore cannot be compared with the 2015 data.

(2) Kenaf is related to jute. Its spiny stems, 1 to 2 cm in diameter, are often, but not always, branched. The leaves of 10 to 15 cm in length are of variable shape, those at the base are lobed and those at the top are lance-shaped.

8.1.2.2.2. OPTIMIZE THE USE OF SUSTAINABLE AND RESPONSIBLE TREATMENT PROCESSES

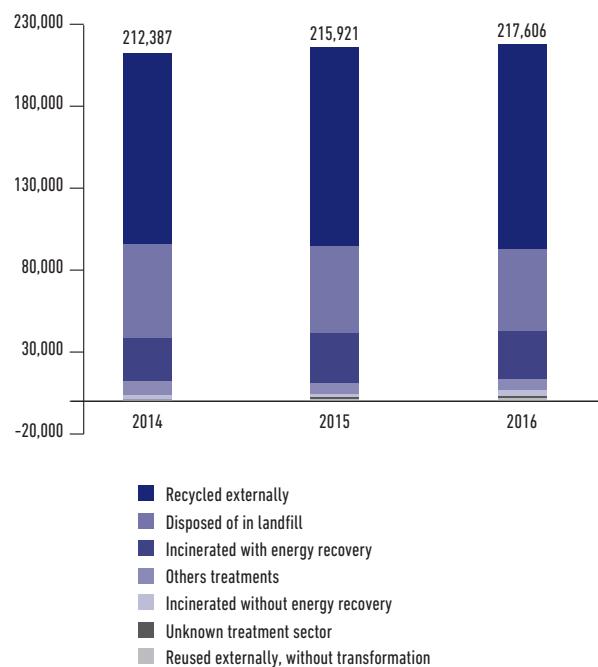
In order to preserve the resources needed for their production process (energy and raw material) as much as possible, Faurecia's industrial sites try to recycle and recover a maximum amount of the waste generated throughout the production chain.

In 2016, Faurecia sites record the following waste reprocessing rates:

- 58% of waste is recycled (+3% compared to 2015);
- 14% of waste is reclaimed through energy recovery (stable compared to 2015).

Scrap metal, aluminium and plastic are melted down before they can be re-used; carton is reshaped and paper is reprocessed. These materials then go to new industries.

DISTRIBUTION OF THE TOTAL QUANTITY OF WASTE GENERATED, IN TONS, BY TREATMENT SECTOR (100% OF THE REAL 2016 SCOPE)



In 2016, the sites generated 214,503 tons of waste (+1.72% compared to 2015 due to an increase in activity). Non-hazardous waste constitutes 62% of the waste generated by the Group. Almost all of the metal waste is recycled by the sites. In fact, the scrap is sent to the foundry before being resold on the market, contributing to the circular economy logic.

Since June 2015, the HSE policy of the Faurecia Seating Business Group commits the sites to zero waste disposed to landfill. In 2016, priority has been given to hazardous waste. Seven sites have reduced the amount of hazardous waste going to landfill by an average of 11% compared to 2015.

The launch of the "Advanced Manufacturing and Supply Chain" approach enabled Faurecia to review the recycling practices for metallic waste to ensure that these wastes are sent to a recycling branch and that it is bought back at the current tariff existing in the country where they are located. This approach will allow the Group to manage the practices of each site and improve their efficiency.

DISTRIBUTION IN % OF GENERATED WASTE BY TREATMENT SECTOR AND BY CONTINENT WHERE FAURECIA SITES ARE LOCATED

	EUROPE	NORTH AMERICA	SOUTH AMERICA	ASIA	OTHER COUNTRIES
Recycled externally	53.2%	68.4%	67.2%	64.4%	39.9%
Disposed of in landfill	20.9%	28.0%	16.2%	17.0%	53.6%
Incinerated with energy recovery	20.0%	1.3%	0.5%	0.5%	3.6%
Incinerated without energy recovery	0.8%	0.1%	2.7%	13.5%	0%
Re-used externally, without transformation	0.9%	0.1%	3.5%	0.2%	0.1%
Eliminated by other treatments	3.9%	0.4%	9.5%	2.0%	2.8%
Unknown treatment sector	0.3%	1.7%	0.4%	2.5%	0%



8.1.2.3. Commit to reducing its carbon footprint activities

8.1.2.3.1. CARBON INVENTORY ACROSS ALL FAURECIA ACTIVITIES

Less than a year after its adoption on December 12, 2015 at COP21, nearly eighty countries, including France, China, the United States, India and Canada, have ratified the first universal climate agreement, paving the way for a new development model.

It is in this context that French Decree n° 2016-1138 of August 19, 2016, pursuant to Law n° 2015-992 of August 17, 2015 on the energy transition for green growth, strengthened the content of report provided for by Article L. 225-102-1 of the French Code of commerce, concerning information on the impact

of the Company's activity and the use of the goods and services it produces, on climate change. On the latter point, the Decree extends the scope of expected information to relevant direct and indirect emission sources throughout the Company's value chain, i.e. upstream and downstream of its activity.

In 2016, in order to meet this obligation and eventually to include it in the overall approach of its future carbon strategy, Faurecia estimated the emissions from its scope 3 activities in addition to the 1 and 2 scopes which it has measured since 2012. For each scope 3 emission source, in line with the recommendations of the Greenhouse Gas (GHG) Protocol, Faurecia favoured a so-called conservative approach. The assumptions and values used, especially in the case of data uncertainty, tend to overestimate emissions. Two sources are largely dominant in Faurecia's emissions: the use of products sold⁽¹⁾ and the purchase of products and services.

Emission sources	CO ₂ Emissions	Degree of uncertainty
Energy consumption (scope 1)	+	Low
Energy purchases (scope 2)	++	Low
Purchases of goods and services*	++++	Average
Use of products sold*	+++++	High

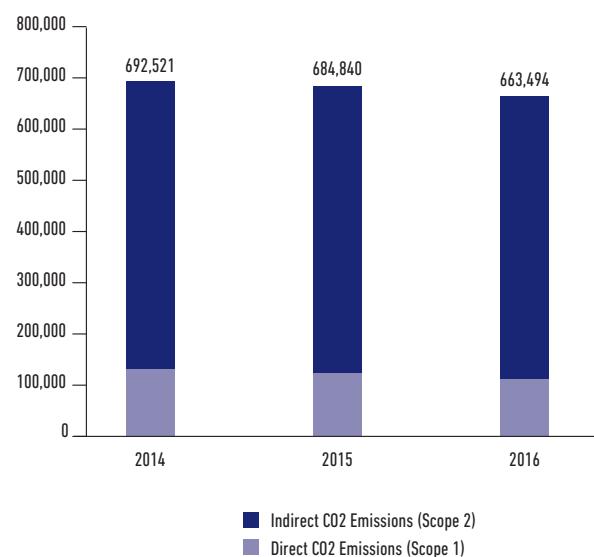
* Significant sources.

The conclusions of this estimate confirm Faurecia's strategic priorities, its actions to reduce the weight of components and subassemblies, and the widespread use of natural bio-sourced or recycled materials (see Section 8.1.1 Faurecia Products and the environment).

To enable the Group to define a low-carbon roadmap in line with a reduction in its emissions, a detailed carbon inventory relating to the operational scope will be set up in 2017. The key performance indicators will be measured and communicated to the management every three months.

Faurecia has measured emissions related to energy consumption (scope 1) and energy purchases (scope 2) since 2012. Concerning the 2016 scope, 23 sites must publish their greenhouse gas balance sheet under Article 75 of the Grenelle 2 Act.

TOTAL OF GREENHOUSE GAS EMISSIONS FROM SCOPES 1 & 2, IN TONS OF CO₂ EQUIVALENT (98% OF THE REAL 2016 SCOPE)



(1) In 2016, goods and service purchases were calculated from purchases of metal, plastics, fabrics and fibers. The use of the products was calculated on the basis of three elements: the number of sold products, the mass of the product in a final vehicle, and the emissions of the final vehicle.

In line with efforts made since 2012, and in compliance with the international regulations relating to the Montreal Protocol which prohibits R22 refrigerant gas use in Europe since January 1, 2015, the Faurecia sites have continued to reduce their use of this gas (-60% compared to 2015). Eighteen sites are continuing their efforts to remove this refrigerant gas from their processes.

Calculation methodologies

Direct greenhouse gas emissions are calculated in CO₂ equivalent. Emissions from fuel consumption are calculated using the international emission factors recommended by the French Administration (Decree of October 31, 2012 and European Decision n° 2012/601 for CO₂ and Circular of April 15, 2002 for other gases).

Fugitive emissions are calculated using emission factors from the 5th report of the Intergovernmental Panel on Climate Change (IPCC).

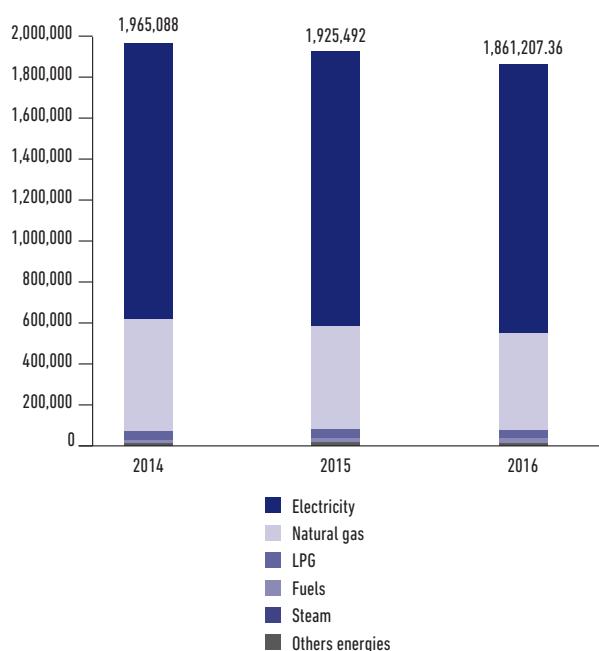
Indirect electricity-related emissions are calculated from emission factors published by the IEA (International Energy Agency® version 2013).

The diagnosis of the significant emission stations, carried out by Carbone 4, was established in accordance with the international reference system of the GHG Protocol.

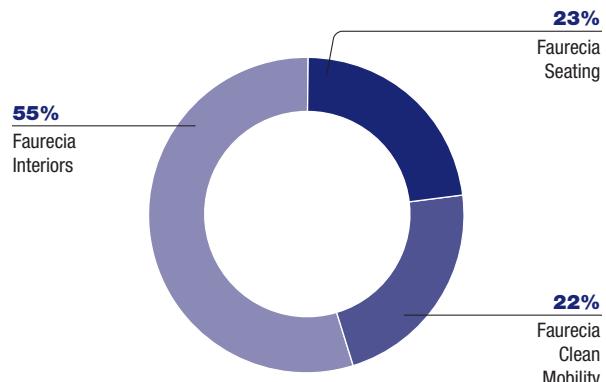
8.1.2.3.2. PROMOTE THE ENERGY EFFICIENCY OF THE SITES

In 2016, energy consumption reached 1,846 million MWh (-2% compared to 2015). Electricity accounts for 70% of the total energy consumed by the Group. The Faurecia Interiors Business Group consumes 55% of the Group's total energy due to the injection molding machines that make up its production equipment.

OVERALL AND SUPPLY SOURCE ENERGY CONSUMPTION IN MWH (98% OF THE REAL 2016 SCOPE)



DISTRIBUTION OF GLOBAL ENERGY CONSUMPTION, PER BUSINESS GROUP (99% OF THE REAL 2016 SCOPE)



Encourage energy savings

The implementation of an energy management system has committed the sites to developing their competences regarding the sources of potential savings on their site, whether they are related to the equipments' performance, or daily operating procedures. Ten sites are certified or undergoing ISO 50001 certification.

Fifty-four energy audits were carried out during the reporting period, covering thirty Faurecia Interiors sites, eighteen Faurecia Seating sites and eight Faurecia Clean Mobility sites.

With a view to capitalizing on the results of these audits, the Group has, on the basis of the action plans issued to each site, drawn up a document listing all the good practices relating to a site's energy management. Depending on the equipment used on the sites, several measures are recommended. In particular, the document mentions the installation of a variable speed drive on an electric motor which can save energy by between 10% and 60%. For sites equipped with a boiler room, the regulation of the water temperature according to the outside temperature can also generate an energy saving (10% on average). The rational use of the energy resource can also involve the recovery of condensation heat from a boiler room or an air compressor, previously equipped with a heat transformer, to produce domestic hot water.

In 2016, one hundred and eighteen sites (including eighty-six production sites), representing 50% of the sites included in the reporting scope, set up initiatives to improve the energy efficiency of their buildings and production tools. In total, the sums invested represent more than € 4 million.

The actions most frequently cited by the sites are: installation of intelligent and energy efficient lighting and heating systems, standby modes for machines and equipment at weekends, installation of motion detectors, LED lighting, eliminating compressed air leaks...



Encourage the reuse of energy sources and enhance renewable energy consumption

The electricity supply contracts for the sites are for an electrical mix, the share of which varies according to the country of production. In total, 9% of electricity comes from renewable sources at Group level, i.e. 114,029 MWh (+69% ⁽¹⁾ compared to 2015).

8.1.2.4. Minimize air, soil and water releases

8.1.2.4.1. BETTER CONTROL OF VOLATILE ORGANIC COMPOUNDS EMISSIONS (VOCs)

Faurecia is committed to limiting airborne emissions of regulated Volatile Organic Compounds (VOCs) which are subject to specific rules as they contribute in the formation and accumulation of harmful compounds -such as ozone – in the environment. In 2016, the VOC emissions balance is at 1,638 tonnes.

The sites from the Business Group Faurecia Interiors are the Group's main source of VOC emissions (72%), due to activities requiring significant use of glues and paints. Eight sites (9% of Faurecia Interiors sites) account for nearly 70% of VOC emissions.

To reduce its airborne emissions, the Business Group Faurecia Interiors gives priority to the use of water-based paints and adhesives thereby reducing the use of solvents.

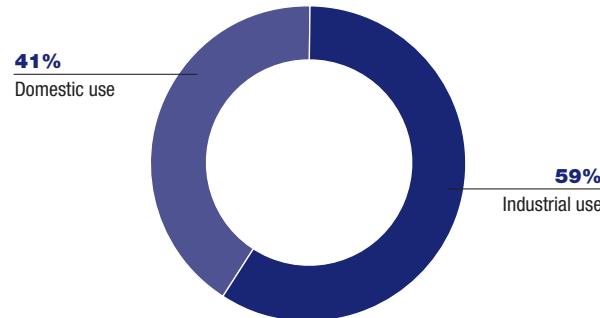
Calculation methodology

The annual reference emissions on Volatile Organic Compounds (VOCs) is calculated using the Solvent Management Plan (SMP) required by the European Council Directive 1999/13/EC of March 11, 1999 on the reduction of volatile organic compounds emissions caused by the use of organic solvents in certain activities and facilities. The SMP is a mass balance for quantifying the inputs and outputs of solvents in an installation.

8.1.2.4.2. WATER CONSUMPTION AND EMISSIONS INTO WATER

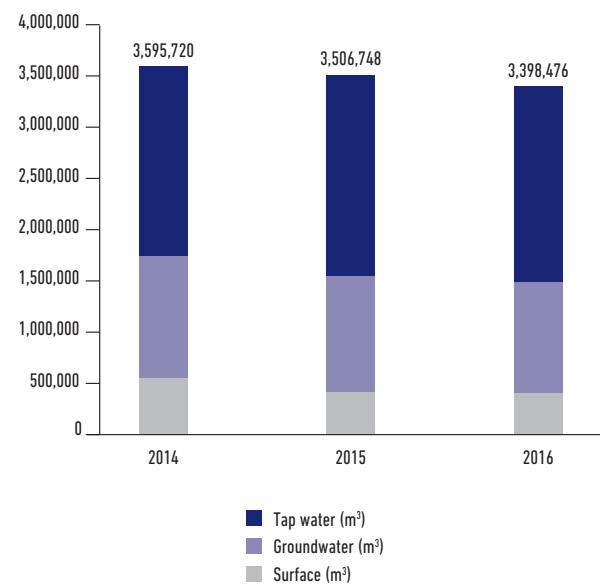
Water is mainly used in the cooling of produced parts (44%), the rest being consumed directly in production processes and for sanitary use.

DISTRIBUTION OF WATER CONSUMPTION, PER USE (100% OF THE REAL 2016 SCOPE)



The Faurecia sites consumed 3.36 million m³ (-3% compared to 2015). Three industrial sites account for 82% of the water used in the cooling process.

WATER CONSUMPTION PER SOURCE OF SUPPLY (100% OF THE REAL 2016 SCOPE)



75% of groundwater withdrawals are due to two sites with open cooling circuits, i.e. water is released directly into the natural environment, after controlling its temperature, so as not to impact the availability of water resources at the local level. Neither of these sites identified water restriction issues during 2016.

In 2016, two sites announced that they could be periodically exposed to water shortages. The first is located in France and is subject to a prefectoral decree as its main source is a river. This site has not reached the threshold above which it must stop withdrawing water. The second, located in India, had to pay particular attention to its consumption due to a low water inflow,

⁽¹⁾ This significant variation between 2015 and 2016 is mainly related to a better gathering of information in 2016 and to a stronger part of renewal energies in the worldwide electrical mix.

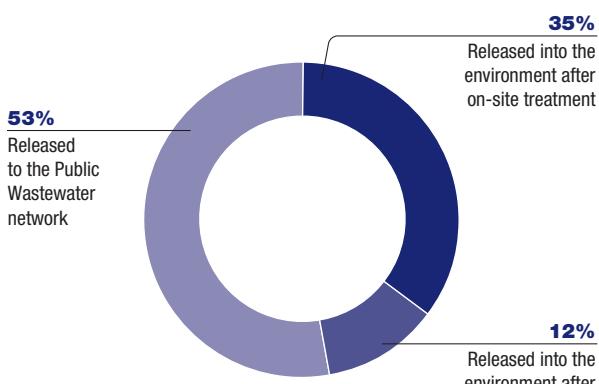
normally assured by the monsoon phenomenon. Employee awareness, a rational use of the resource and temporarily stopping the watering of green areas made it possible to mitigate the problem.

Water discharge

In parallel with the discharge of these cooling waters (35% of the total water discharged in 2016), other water discharges, contaminated during their use, are systematically treated before evacuation, either via the collective network (53% in 2016), or via a treatment plant directly installed on the site (12% of the water discharged in 2016).

63% of production sites are subject to self-monitoring by local authorities to monitor the quality of wastewater discharge. Of these sites, 81% meet the requirements for aqueous discharge. Any non-conformity that is detected is appropriately treated to prevent recurrence.

DESTINATION OF RELEASED WATER IN 2016, 10% (92% OF THE 2016 SCOPE)



8.1.2.4.3. SOIL RELEASES

Any accidental spill is framed in a plan to prevent the risk of soil pollution for all of the Faurecia sites. ISO 14001 certified sites systematically integrate it into their management system. This risk, inherent in the industrial activity of a site, is well understood by the Faurecia sites and their operators who are trained to react in the event of accidental leakage.

Through the Business Group's HSE policy, Faurecia Interiors sites are invited to control risks relating to soil and groundwater pollution. They are also strongly encouraged to do so through Environmental Due Diligence.

13.7% had soil and groundwater analyses carried out by an expert body during the reporting period (including 19.4% of Faurecia Clean Mobility sites, 13.9% of Faurecia Seating sites and 7.23% of Faurecia Interiors sites).

Pursuant to French Decree n°2012-633 of May 3, 2012, Faurecia has identified two French sites subject to the obligation to provide financial guarantees for their safety. In 2016, the amount of these guarantees was €221,826 for the two sites in question.

8.1.2.5. Mitigating the environmental risks related to suppliers

Preserving the environment is one of the founding principles of the sustainable procurement procedures introduced by Faurecia, called "Buy Beyond". These procedures are based on the Group's Code of Conduct, which sets out the environmental requirements to be met by Faurecia's suppliers and service providers.

More information on Faurecia's environmental specifications with regard to its suppliers, as well as their assessments, is provided in Section 8.2.3.

8.1.2.6. Integrate sustainably in the territories where Faurecia is located

8.1.2.6.1. PREVENT NATURAL HAZARDS RELATED TO CLIMATE CHANGE

Faurecia has a strategy to adapt to climate change in order to reduce the exposure and vulnerability of the industrial installations to the vagaries of the climate and to optimize their resilience to these risks. The "Natural Risk" profile was evaluated for 100% of the sites in the scope. However, the models used do not yet incorporate the projections of the Intergovernmental Panel on Climate Change (IPCC).

All the elements relating to the prevention and management of natural risks are described in the Section 4.4 "Industrial and environmental risks".

8.1.2.6.2. REDUCING THE IMPACT OF THE SITES ON THE LOCAL ENVIRONMENT

1. Reduce the impact of sites close to a protected area

90% of the entities in the reporting scope are located in urban or industrial areas. Twenty-three sites, including sixteen production sites, six assembly sites and one R&D site, are located within three kilometers of a protected area. These protected areas close to the Faurecia sites are Natural Areas of Ecological Fauna and Flora Interest type 1 or 2, areas that protect species becoming or already endangered (leopard, ground squirrels, terrestrial squirrels...), and natural water area (rivers and streams) protection zones. 78% of these sites are located in Europe, 18% in Latin America, and 5% in the United States.



In China, an initiative, more commonly known as "Green Community", took place in March 2016 for the second consecutive year to raise awareness of environmental protection among employees and their families. Twenty-eight sites (twenty-six last year) participated in activities directly related to this theme: planting trees, promoting environmental protection concepts and collecting electronic waste.

In June 2016, the Chinese headquarters launched the first "FAUR'kids Class" programme. In addition to their usual school curriculum, children can attend these classes which focus on environmental protection. These courses have allowed children to design works of art from discarded materials to increase their awareness of waste recycling and reuse.

2. Reduce noise and olfactory nuisance

In 2016, a Faurecia Interiors site reported three official complaints that it had received from local residents concerning the quality of the air leaving the plant, the noise generated by the production tool and the road traffic generated by the site's employees.

Corrective actions have been set up or will be implemented in 2017, including the installation of a thermal oxidizer to deal with high volatile organic compound flows and the reorganization of the car park to limit its noise impact.

8.1.2.7. Provisions

In 2016, provisions for environmental risks were set up for an amount of K€4,825. Provisions are mainly related to site remediation costs

8.2. Societal action

8.2.1. TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF FAURECIA'S BUSINESS

8.2.1.1. On employment and regional development

Over the last few years, Faurecia has grown very significantly with almost 100,000 employees, including over 17,000 engineers and managers at the end of 2016.

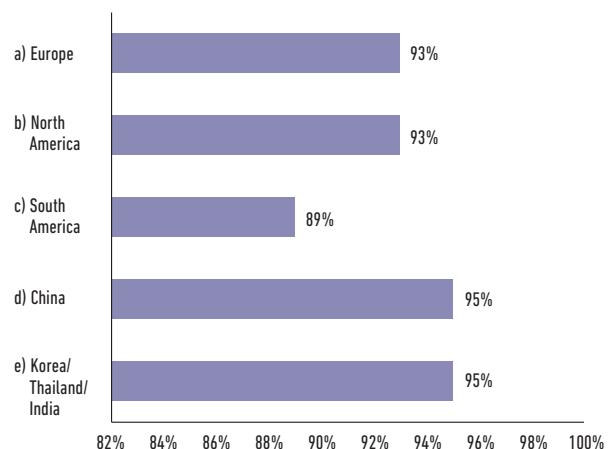
Over the last four years, the volume of external hires has stabilized, at slightly over 2,000 engineers and managers. In 2016, hires were mainly carried out in Asia (734), Europe (725), and North America (652); the countries that recruited the most in these three regions were China (372), the United States (345), Mexico (301) and India (257). In parallel, the number of hires remained stable in France (301) and declined in Germany (142 compared to 191 in 2015).

Developing and promoting international exposure is also essential for a Group that employs 64.5% of its engineers and managers outside Western Europe and carries out 78% of its recruitments outside this region. Within this framework, Faurecia can offer its people many international assignments as well as the opportunity to take part in international projects.

8.2.1.2. On neighboring or local populations

Faurecia's ambition is to purchase materials as close as possible to its sites in order to help develop local industry, and minimize the associated impacts (logistical, environmental, etc.). For

purchases of mass-produced parts, the percentage of purchases made locally is between 89% and 95% depending on the location of Faurecia's production sites.



In 2016, 100% of indirect purchases were made locally.

In addition, the Code of Ethics in force within the Group, the operating principles of which are set out in Section 8.2.4.1, states that Faurecia is committed to continuously assessing the impact of its products and the activity of its plants on the environment and the communities with which it is in contact, with a view to continuous improvement.

Lastly, Faurecia participates in a number of local initiatives, described in Sections 8.2.2.2 and 8.2.3.1.



8.2.2. FAURECIA'S STAKEHOLDER RELATIONSHIPS

8.2.2.1. How the Company communicates with these persons or groups

Faurecia has developed and maintains the conditions and tools for dialog with a number of interested parties or stakeholders in its business.

FAURECIA AND ITS RESEARCH PARTNERS

To support technological development and innovation, Faurecia carries out an open policy towards academia, research laboratories and start-ups.

Thus, Faurecia makes use of five chairs in manufacturing involving universities in France and Germany and a partnership with Fraunhofer ICT in mechanical electronics, composites, production processes for metal parts, and plastic materials chemistry including biomass and assembly lines. In France, Faurecia is also actively engaged in the work of the technological research institutes known as IRTs, all certified by the French government as part of its "Investment for the Future" program, such as the IRT Jules Verne in Nantes, where Faurecia represents the French automotive industry, and the IRT M2P in Metz.

In 2016, Faurecia developed a start-up research and assessment activity on a world level to detect technological innovations.

Other partnerships are presented in Section 7.2.4 of this Registration Document.

FAURECIA AND ITS SUPPLIERS

Faurecia bases its growth on socially responsible actions and behavior across all its businesses and all the countries in which the Group has its plants, suppliers and sub-contractors. In view of this, Faurecia builds close, long-term relationships with its suppliers, based on mutual growth and benefit. Faurecia believes that the principles of social, environmental and economic responsibility are critical criteria for the award of contracts to its suppliers.

Great importance is placed on communication and transparency to ensure strategic alignment with partners. Conventions are regularly held, with the official presentation of performance awards in different areas (Quality, Innovation, CSR – Corporate Social Responsibility, etc.). Faurecia has close relationships with its suppliers and organizes Strategic Supplier meetings, in which attendees share and discuss strategies to be pursued to strengthen mutual development, and Innovation days aimed at exploring, identifying, promoting and developing new innovation ideas.

As described in Section 8.2.3, Faurecia assesses the reliability of its suppliers not only in terms of product quality, but also in terms of meeting corporate social responsibility (CSR) criteria (see Section 8.1.2.5).

Faurecia thus communicates with its suppliers and subcontractors to raise their awareness of sustainability issues. As such, the Suppliers section of the Faurecia website has a page devoted exclusively to information and requirements in terms of compliance by its current and potential partners with the Group's "CSR" criteria.

FAURECIA AND ITS CUSTOMERS

Faurecia has very close relationships with virtually all major global automakers. It also works closely with its customers to develop the design and functionality of the product range on offer.

The research and innovation unit thus covers upstream activities prior to program acquisitions. This Unit is critical to enabling the Group to provide an appealing and competitive offering to its customers, which it achieves by designing new products and technologies, as well as researching and developing generic products and processes.

The program engineering unit covers vehicle applications. This downstream unit is responsible for ensuring that programs are completed within the required time-frames, cost and quality levels.

Vehicle application programs follow a unique process, bringing together all the participants needed to develop and launch a new, mass-produced product. The Program Management System (PMS) process, describes all the requirements at each phase of the program. Every program is given periodic interim reviews, first by specialists and then at the close of each phase by management, so that its progress can be seen.

The PMS consists of five phases:

- obtain and validate customer needs;
- develop the product;
- test the product and develop the manufacturing process;
- plan and validate production machinery;
- ramp up line speeds and launch mass production.

To track performance throughout the development process and steer it towards excellence, Faurecia has introduced the idea of program management excellence. This new approach involves the foregoing elements plus:

- system audits of the program requirements to ensure disciplined implementation;
- performance indicators, reviewed monthly, to signal future risks.

These various tools have made it possible to significantly improve such programs' performance financially and in terms of quality, lead times and launches of mass production.

In addition, Faurecia's production sites regularly receive awards from their customers.

FAURECIA AND ITS INDUSTRIAL OR COMMERCIAL PARTNERS

Faurecia is always looking to develop new partnerships and strengthen existing ones.

On November 29, 2016, Faurecia announced the signature of a joint venture with Borgward, the German premium automaker, with the creation of a joint venture in China, "Borgward Faurecia (Tianjin) Automotive Systems Co., Ltd" to develop and produce the full range of automobile seat components and the creation of a technical center for product development, after sales and technical support.

In Iran, Faurecia also signed:

- on October 2, 2016, a joint venture agreement with Azin Khodro, an Iranian partner, resulting in the creation of the joint venture "Azin Faurecia Interior Systems Company (AFISCo)" to develop and produce instrument panels, door panels, central consoles and interior acoustics for vehicle interior systems, with production due to be launched in early 2018;
- on December 2, 2016, a joint venture agreement with MAAD, an Iranian partner, resulting in the creation of a joint venture "Faurecia Crouse Advanced Exhaust System Co.". This joint venture will develop and produce emissions control systems for the Iranian automobile market, with production due to start at the beginning of 2017.

The existing Iranian joint venture "Faurecia Automotive Parts Seating Company (FAPSCO)" will extend its activities to complete seats, seat structures and covers in the country beyond its current customer, Renault, to serve Peugeot, Iran Khodro and other automakers.

Faurecia's three businesses are now present in Iran through these three joint ventures.

To become a connectivity player, on December 6, 2016, Faurecia also announced that it is in exclusive negotiations to create a strategic partnership with Parrot Automotive, one of the leaders in connectivity and infotainment solutions for the automobile industry, in order to develop applications and platforms for connected vehicles. The completion of this project could lead Faurecia to progressively take control of Parrot Automotive, through an initial stake of 20% in the capital stock, and by 2022, ownership of all Parrot Automotive's shares.

Lastly, on December 13, 2016, Faurecia announced that it had increased its stake in the Danish Company, "Amminex" with which it has worked closely since mid-2009 to 91.5% from 42% held previously. Amminex has developed an ammonia storage and diffusion system (ASDSTM) which has shown its effectiveness in eliminating nitrogen oxide (NOx) in diesel engines. Faurecia intends to intensify the development of this technology both for commercial and personal vehicles. Faurecia is also seriously looking into other applications for ASDSTM,

such as for agricultural vehicles, earthmoving machinery and the high-power engines used in boats and ships.

FAURECIA AND THE FINANCIAL COMMUNITY

All of Faurecia's shareholders are given full, clear and transparent information which is tailored to their specific needs and provides them with an objective view of the Group's growth strategy and earnings performance. This financial communication policy is aimed at ensuring that all shareholders have access to the information required in accordance with customary market practice.

A wide variety of documents is made available to the public, including regulated information, covering all of the Group's business activities, its strategy and financial information including the Registration Document, interim financial reports, the bylaws and the internal rules of Faurecia's Board of Directors. All these documents are readily accessible on the Group's website www.faurecia.com, in French and English, and upon request from Faurecia's Investor Relations department. Shareholders can also automatically receive documents, such as the annual report, corporate brochures and press releases, through a free subscription service by e-mailing shareholders@faurecia.com.

Faurecia regularly publishes the annual and period disclosures required by regulations for listed companies in the French legal gazette, the BALO (*Bulletin des annonces légales obligatoires*). This information is supplemented by press releases for both the financial community and the general public regarding matters that are of major importance in understanding the Company's strategy. In addition, periodic meetings are held on an interactive basis with financial analysts and business journalists in order to give updates on the Group's goals, products and results.

In 2016, Faurecia organized over 450 large-scale and individual meetings in 19 countries, which allowed for direct dialog to take place with nearly 1,000 institutional investors and financial analysts. Themed presentations were also organized for analysts, investors and asset managers.

Shareholders also have a dedicated area on the Faurecia intranet where they can find out about the Group's employee savings plan.

Annual reports presented and filed as Registration Documents with the *Autorité des Marchés Financiers* (AMF) and interim financial reports are broadly circulated within the financial community.

FAURECIA AND CERTIFICATION BODIES

Amongst these objectives, the Group asked its Business Groups to start implementing the actions required to obtain ISO 14001 certification for the production sites.

In 2016, this environmental management approach for production sites progressed: 79.5% of the sites are now certified compared to 75.3% in 2015. Seven new plants were certified



during the reporting year. The new version of the ISO 14001 standard, published in 2015, has already been introduced within 10 sites of Faurecia Seating, 4 sites of Faurecia Clean Mobility and 12 sites of Faurecia Interiors. Through this certification, Faurecia commits to meeting its customers' requirements and to show its environmental performance.

In addition to its plants, thirty-eight JIT and R&D sites are ISO 14001 certified.

In addition, the implementation of an energy management system commits the sites to acquiring increased skills to identify potential energy savings on their sites, both in terms of machine and equipment performance or the site's daily operating modalities. Ten sites are certified or in the process of being certified ISO 50001.

FAURECIA AND THE EDUCATION SECTOR

In the many countries in which the Group operates, Faurecia has established privileged partnerships with schools, universities and other higher education establishments, whose geographical locations and training offer best meet its requirements. Alumni of these institutions, now working for Faurecia play a key role in communicating on the Group's internship opportunities and possible career paths to students. Faurecia also takes part in numerous events for students around the world every year, including student rallies, job fairs, presentations of the Group's business activities at schools and various types of workshops and case studies. The Group also organizes a number of visits to its sites each year to introduce its business activities to students.

Lastly, some countries have put in place specific programs to support the integration of young graduates hired to their first job within the Group: the STAR program in Germany, the "Fresh Graduates" program in China and the VIE international corporate volunteer program offered to young graduates or professionals from France and other EU countries are just a few examples.

8.2.2.2. Partnerships or sponsorship

Around the world, Faurecia's sites and employees frequently take part in many community-based initiatives. The Group has listed all these programs under a common banner: FUELS ("Faurecia Unites its Employees around Local Solidarity actions").

The FUELS program was created in North America in 2010, where it first took the form of an annual food collection. Given the success in the United States, Canada and Mexico, Faurecia extended the program to other countries where the Group operates.

Rolled-out at Group level, the program was also expanded to include more local economic, social and cultural issues.

In 2016, 14 FUELS campaigns were carried out in ten countries worldwide, and in total, Faurecia's sites launched over 25 other corporate initiatives. The main causes defended are as follows:

- Aid to children: There are many programs and campaigns, such as collections of toys, clothes and school supplies and donations or volunteer lessons. Some actions can be outlined: the Green IT classrooms in China that have equipped classes with computers, bottle top collections in Spain, and bicycle races in Mexico (Night Race) to help children with serious or rare pathologies.
- Fight against hunger: this is the cornerstone of the FUELS programs and one of the causes that mobilizes the most people, with the targets exceeded each year. Faurecia's employees help local food banks to collect and distribute meals; they team up with local farmers to provide low-cost fresh produce and make donations to purchase meals for disadvantaged families. The participating countries are France, Mexico, Portugal, Spain, the United States, Canada and India.
- Health promotion: this theme, which is often cross-cutting with the other campaigns, goes hand in hand with improving living conditions for the most disadvantaged people in other areas, such as poverty and the environment. The sites help collect and give funds to support medical institutions in fighting against rare diseases and cancer, and to raise awareness of public health problems. The participating countries are Germany, Mexico, Portugal, Spain, the United Kingdom and Poland.

Other initiatives, not described in this section, have been implemented in the areas of education, gender equality, medical research and awareness raising in environmental issues.

8.2.3. SUBCONTRACTORS AND SUPPLIERS

8.2.3.1. The inclusion of social and environmental issues in the purchasing policy

Faurecia's Code of Ethics, the operational principles of which are outlined in Section 8.2.4.1, defines the behavioral principles that apply daily to all Faurecia staff in their internal and external relations and to its partners, and sets out the way the Group intends to put into practice its values of respect for customers, shareholders, employees and the environment.

The roll-out of the sustainable purchasing policy, "Buy Beyond", launched by Faurecia Interiors in 2013, continued in 2016 within the Group's Purchasing teams. Accordingly, as mentioned in Section 8.2.2.1, Faurecia is committed to basing its growth on socially responsible actions and behavior across all of its businesses and in all countries where the Group has internal and external operations. In view of this, Faurecia is committed to building close, long-term relationships with its suppliers, based on mutual growth and benefit.

Faurecia believes that the principles of social, environmental and economic responsibility are major criteria for the award of contracts to its suppliers. It is essential for Faurecia that its suppliers meet standards of behavior that are consistent with and reflect its own commitments.

Consequently, the Company requires its suppliers to comply with the responsible purchasing policy, through the implementation of the Code of Conduct for Suppliers and Subcontractors, implemented by Faurecia in 2013, in their own organization and global supply chain. Supplier quality audits, which are a prerequisite to joining Faurecia's panel of suppliers also include CSR issues.

This Code of Conduct is systematically integrated in the mandatory consultation documents sent to suppliers. Faurecia has strengthened its "Buy Beyond" responsible purchasing policy to ensure its wider deployment and to promote compliance with the Code of Conduct among its suppliers. Building on its success within Faurecia Interiors, this approach is being further rolled-out by all the Group's Purchasing teams, as well as its suppliers. In order to integrate sustainability into their processes, each team sought the assistance of an external CSR partner in order to better understand, verify and optimize

the practices of its suppliers in terms of social, environmental and economic responsibility. This external assessment of CSR compliance by the Group's suppliers, which is in keeping with the organization and requirements laid down in the Code of Conduct, also ascertains compliance with REACH and conflict minerals regulations. At the end of 2016, Faurecia Interiors evaluated the CSR performance of over 850 suppliers, representing 90% of its direct purchases, and around 300 additional suppliers were assessed by the other Business Groups

These assessments are incorporated into the purchasing process, are routinely taken into account in the award of contracts and are also included in the criteria for performance evaluation of suppliers.

Faurecia is also training its Purchasing and Supplier Quality teams, who are tasked with the implementation of the responsible purchasing policy, which involves both training efforts focusing on internal purchasing teams as well as monitoring progress made on CSR issues by suppliers. Faurecia Interiors has implemented ambitious improvement targets in CSR maturity for its partners and supports them in drafting and monitoring their action plans whilst providing support to achieve them.

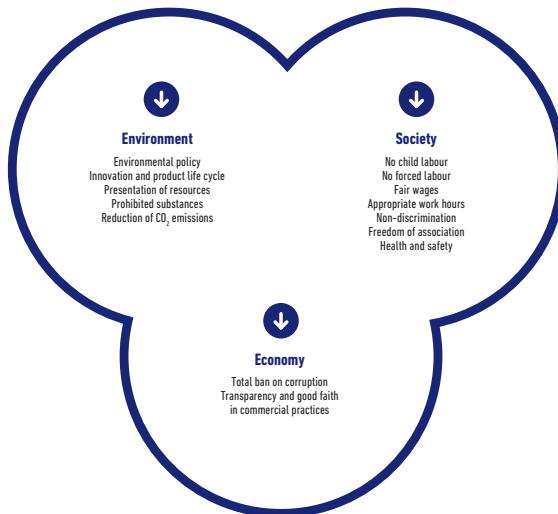
The "Buy Beyond" purchasing policy is one of the strategic focuses to accelerate value creation and competitiveness, and within Faurecia Interiors, compliance with this purchasing policy and its scoring with the external partners is now mandatory before awarding contracts.

With respect to diversity, in North America (USA and Canada), Faurecia has integrated diversity management within its purchasing policy, thus responding to the growing demand from its customers to expand job opportunities to company-creating women and minorities. A diversity management department was created in 2011 to reinforce Faurecia North America's efforts in this area. Its main objective is to increase the use of certified companies, either managed by minorities (MBE certified) or women (WBE certified) and to offer them genuine opportunities for growth and expansion. In return, this policy enables Faurecia to meet the expectations of its customers in terms of diversity. The diversity of its suppliers comes under the "partnership" category and is one of the assessment criteria used by its customers.



8.2.3.2. The extent of subcontracting and the inclusion in dealings with suppliers and subcontractors of their social and environmental responsibility

The fundamental commitments demanded of Faurecia's suppliers relate to compliance with laws and responsible supply chain management, as illustrated in the diagram below:



Substance management systems have also been put in place across the entire supply chain, from suppliers to manufacturing customers, for all products delivered by Faurecia. Among other benefits, this approach gives the Group access to complete information on the substances entering into its products, in order to ensure that all actors in the supply chain comply with regulatory frameworks on chemicals and their safe use, such as the European Union's REACH (Registration, Evaluation and Authorization of Chemicals) regulation and that relating to conflict minerals. The Group constantly monitors regulatory developments relating to substances and works to prepare compliance with regulations due to enter into effect that will have an impact on its business activities around the world, sharing this information and related recommendations with all its entities.

For instance, Faurecia Interiors is currently pursuing an anticipatory approach to the identification and sharing of information within the supply chain on chemicals or constituents that may be impacted, based on a list of chemicals or constituents considered as potentially of concern for its products and their use. Apart from REACH, this approach is also applied in connection with Faurecia's responses to the annual questionnaires received from its customers relating to the producers and countries of origin of minerals covered by Section 1502 of the Dodd-Frank law on conflict minerals.

Change in subcontracting is quantified by indicators provided in Section 5.6 of this Registration Document.

8.2.4. FAIR PRACTICES

8.2.4.1. Action to prevent corruption

Faurecia is a signatory of the United Nations Global Compact. Consequently, the Group is committed to aligning its operations and strategy with ten universally accepted principles in the areas of human rights, labor standards, the environment, and anti-corruption. This commitment is reaffirmed in Faurecia's Code of Ethics. This Code, created in 2005 and revised in 2007, was updated in 2014 as part of the Being Faurecia program intended to reinforce the Group's culture, thus contributing to the creation of long-term value. The Code of Management, which was

established at that time to guide the day-to-day management of teams, customers, suppliers, etc., translated many of the principles set out in the Code of Ethics into operations. Each new employee receives a copy of the Code, which is available in the Group's main working languages and may also be accessed on the Group's corporate websites and intranet sites.

It is part of the Faurecia Core Procedures (FCP), and aims to develop the accountability and involvement of Group employees. During Internal Audits, auditors systematically check that everyone working at the plant is familiar with the Code.

This Code is structured around four themes: compliance with fundamental rights, fostering economic and social dialog, building skills, ethics and rules of conduct. It also includes an alert procedure if the Code of Ethics is breached.

OVERVIEW OF ETHICAL PRINCIPLES AND RULES OF CONDUCT

Use of funds, services or Group assets

Any funding of political activity is forbidden, as are any unlawful payments to public authorities or officials. Assets, liabilities, expenses and other transactions made by Group entities must be recorded in the books and financial statements of these entities, and should be kept truthfully and accurately, in accordance with the applicable principles, rules and laws.

Relationships with customers, providers or suppliers

Acceptance of gifts and entertainment from customers and/or suppliers is subject to limits. As such, it is prohibited to accept any gift or gratuity from customers or contractors worth over €100 per year and per business partner, regardless of type.

Furthermore, the payment of any amount in cash, in kind or otherwise to any customer or supplier representative in order to obtain either a contract or a business or financial advantage is prohibited.

The selection of suppliers must be based on quality, need, performance and cost. As stated in the current Purchasing procedures, agreements between the Group and its authorized representatives, agents and consultants or any other contractor must clearly state the actual products/services to be supplied, the basis for compensation or price and all other terms and conditions. This rule also prohibits any investment in suppliers and any purchase of property or service from providers or customers for personal use.

Compliance with competition law

Faurecia aims to adhere strictly to the applicable regulations in all the countries where it operates, including the prohibition of reaching agreements, deals, plans, arrangements or coordinated conduct between competitors in respect of prices, territories, market shares or customers.

Confidentiality

This rule covers both the confidentiality of personal information of employees and that of the assets, documents and data of Faurecia.

Loyalty and exclusivity

It is incumbent on employees and executives of the Group to exercise their work contract faithfully.

Conflicts of interest

Employees shall not draw any personal advantage from a transaction carried out on behalf of a Group company, notably with customers and suppliers.

An employee must also not attempt to select or organize the selection of a company, in particular as a supplier, in which either the employee, an associate or a family member has, directly or indirectly, a financial interest.

Safeguarding Group assets

Group employees and managers are responsible for the proper use of the assets and resources of the Group, including those related to intellectual property, technology, equipment and computer media, software, real estate, equipment, machinery and tools, components, raw materials and liquidities.

WHISTLE-BLOWING PROCEDURE

The Code provides a mechanism for the purpose of managing violations.

Any employee who becomes aware of a breach of the rules set out in the Code may use an internal alert procedure; they may refer to their line manager or HR Director verbally or in writing.

Depending on the nature and importance of the events reported, additional investigations may be launched, an inquiry may be set up or an Internal Audit decided upon.

A strengthened alert procedure can also be launched if the events relate to serious risks for the Group in terms of accounting or financial aspects and anti-corruption efforts. Events which jeopardize the physical or moral integrity of an employee may also be included in the scope of this procedure, which involves an outside body being brought in which the Group has tasked with gathering data and beginning procedures.

If circumstances warrant, the organization contacts the Faurecia group's Chief Executive Officer (CEO) who can ask the Group's Chief Compliance Officer to carry out the necessary investigations.

In May 2015, to further strengthen its measures in place to minimize the risk of corruption, Faurecia's Executive Committee indeed decided to create a new Compliance department. This department is headed by the Chief Compliance Officer, who oversees a network of regional Compliance Officers and other compliance experts within the sales and operating divisions of the Business Groups. The Compliance department's role is to enhance familiarity with the contents of the Code of Ethics and the Management Code within Faurecia. To date, the Compliance department has launched the deployment of an "Ethics" MOOC on the Faurecia "Managers and Professionals" (M&Ps) community.



Practical guides relating to the disclosure and management of conflicts of interest as well as the internal alert procedure on perceived violations of the Code of Ethics have been distributed via the network of compliance experts. In addition, training sessions were organized at the industrial sites and at the level of Business Group divisions in connection with the verification assignments carried out by the Internal Audit team. Lastly, a mapping of non-compliance risks was prepared and will be included in Faurecia's overall risk mapping process. The Compliance department will coordinate the management of non-compliance risks.

8.2.4.2. Measures taken benefiting the health and safety of consumers

The main trends that impact automobiles are the urbanization of populations, the reduction in the consumption and the diversification of energy resources, changes in mobility, connectivity, consumer protection and health and the increased role of women in society. Faurecia takes these "mega" trends into account; most of the time they are translated into the automobile industry through the reduction in consumption and emissions, including electrification, connectivity and autonomous vehicles.

Vehicles are becoming living spaces in which users expect comfort, quality and seamless connectivity with their personal and professional environments.

Faurecia is a supplier of components that play an important role in passive safety and thus help save lives or limit injuries to drivers or passengers. Seats help provide about 80% of rear impact protection, about 30 to 40% for frontal impacts and, depending on the automaker, and between 30% and 80% for side impacts. The instrument panel incorporates all the issues relating to the deployment of airbags. In the area of pedestrian impacts, bumpers make a decisive contribution in efforts to limit injuries, by devoting attention both to their intrinsic characteristics and to the kinematics of the impact sequence.

Over the years, Faurecia has taken position as a key partner for automakers in this area, initially by emphasizing the importance of safety and then by developing products and expertise that allow the Group to devote research efforts, in a measured and confident manner, to all anticipated changes. Each link in the safety chain is associated with design rules that guarantee the system's performance and its longevity.

The Cockpit of the Future project evoked in Section 7.2.3. strengthens the need to treat internal vehicle security as a new system that Faurecia needs to manage through selected partnerships, with the aim of advancing solutions linked to new interior configurations and the associated uses.

Faurecia also takes part in working groups on VIAQ (Vehicle Interior Air Quality) at the United Nations level, in collaboration with manufacturer representatives; these groups aim to monitor the health of people on-board and continuously improve Faurecia's and the automobile industry's knowledge in measurement methodologies and the impact of Group products present inside vehicles.

Research and development projects undertaken and the consideration of environmental issues in product design are described at length in Chapter 7 and Section 8.1.1 of this Registration Document.

In general, and in accordance with its Code of Ethics relating to fundamental rights, the Group is committed to promoting health and safety at work by implementing policies and methods of active prevention of risks liable to affect the health and safety of employees, to regular monitoring of their proper implementation and to measuring their effectiveness.

In this context, it is particularly committed to empowering its managers and staff in the preservation of health and the prevention of occupational accidents and to organizing the design and development of its products and means of production with a view to achieving the best possible working conditions. All subcontractors working on the premises of Group companies are required to implement these health and safety policies and comply with all applicable local legislation.

8.2.5. OTHER ACTIONS TAKEN IN SUPPORT OF HUMAN RIGHTS

The Code of Ethics contains a number of rules on fundamental rights.

These rules are described in Section 5.3.3 of this Registration Document.



9

Corporate governance

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9.1. Board of Directors

Section 9.1.1. and Section 9.4 constitute the Chairman's report as stipulated by Article L. 225-37 of the French Code of commerce.

In accordance with this Article the aim of the report, prepared by the Chairman of the Board of Directors, is to provide an account of the Board's membership, the conditions governing the preparation and organization of its work during 2016, and the internal control and risk management procedures introduced by Faurecia.

The report also indicates any restrictions applied by the Board of Directors to the powers exercised by the Chief Executive Officer and refers to the principles and rules defined by the Board in order to determine the compensation and benefits of the corporate officers, the rules governing the participation of shareholders in Annual Shareholders' Meetings, factors that may be relevant in the event of a tender offer, as well as the

financial risks associated with the impact of climate change and the related reduction measures undertaken by the Company by using a low carbon strategy across its business activities.

It was prepared and drafted in accordance with the law of July 3, 2008 which amended various provisions of French corporate law to align them with European Community law and the AFEP-MEDEF Corporate Governance Code applicable to listed companies, which the Board of Directors has adopted as its reference framework and which can be viewed on the Medef's website (www.medef.fr).

Lastly, this report was reviewed by the Governance Committee and the Audit Committee at their April 5 and 7, 2017 meetings, was approved by the Board of Directors at its April 11, 2017 meeting and was included in the Registration Document.

9.1.1. MEMBERS, CONDITIONS FOR THE PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

9.1.1.1. Composition of the Board of Directors

Pursuant to the applicable laws, regulations and bylaws, the Board of Directors must be made up of at least 3 and at most 15 members.

The mandate of the Board members was fixed at five years during the Annual Shareholders' Meeting of May 26, 2011.

The Annual Shareholders' Meeting of May 27, 2015 resolved to reduce the term of office of the Board members appointed or reappointed to four years as from that meeting, and to let the ongoing terms of office end on their initial expiry date.

As of December 31, 2016, the Board of Directors of Faurecia was made up of 15 members:

	Age*	Nationality	1st appointment	Date of last renewal	Expiry of term of office	Committees**	Inde- pendent***
Yann DELABRIÈRE	66	French	BM November 18, 1996	AGM May 23, 2012	2017 AGM to approve the financial statements for 2016	-	no
Éric BOURDAIS DE CHARBONNIÈRE	77	French	AGM February 8, 2010	AGM May 27, 2015	2019 AGM to approve the financial statements for 2018	Member of the Governance Committee	yes
Jean-Baptiste CHASSELOUP DE CHATILLON	51	French	AGM May 23, 2012	-	2017 AGM to approve the financial statements for 2016	Member of the Governance Committee	no
Jean-Pierre CLAMADIEU	58	French	AGM May 29, 2007	AGM May 23, 2012	2017 AGM to approve the financial statements for 2016	Chairman of the Governance Committee	yes
Odile DESFORGES	66	French	AGM May 27, 2016	-	2020 AGM to approve the financial statements for 2019	Member of the Audit Committee	yes
Lee GARDNER	69	American	AGM February 8, 2010	AGM May 27, 2015	2019 AGM to approve the financial statements for 2018	-	yes
Hans-Georg HÄRTER	71	German	AGM May 26, 2010	AGM May 27, 2015	2019 AGM to approve the financial statements for 2018	Member of the Management Committee	yes
Linda HASENFRATZ	50	Canadian	AGM May 26, 2011	AGM May 27, 2016	2020 AGM to approve the financial statements for 2019	Chairwoman of the Management Committee	yes
Olivia LARMARAUD	58	French	AGM May 27, 2016	-	2020 AGM to approve the financial statements for 2019	Member of the Audit Committee	no
Ross MCINNES	62	French Australian	AGM May 29, 2007	AGM May 23, 2012	2017 AGM to approve the financial statements for 2016	Chairman of the Audit Committee	yes
Amparo MORALEDA	52	Spanish	AGM May 23, 2012	-	2017 AGM to approve the financial statements for 2016	Member of the Governance Committee	yes
Robert PEUGEOT	66	French	AGM May 29, 2007	AGM May 23, 2012	2017 AGM to approve the financial statements for 2016	Member of the Management Committee	no
Michel DE ROSEN	65	French	AGM May 27, 2016	-	2020 AGM to approve the financial statements for 2019	Member of the Management Committee	yes
Bernadette SPINOY	54	Belgian	AGM May 27, 2014	-	2019 AGM to approve the financial statements for 2018	Member of the Audit Committee	yes
Carlos TAVARES	58	Portuguese	AGM May 27, 2014	-	2019 AGM to approve the financial statements for 2018	-	no

* As of December 31, 2016.

** This table reflects the participation of Board members in the existing Faurecia committees as of December 31, 2016.

*** For details on the situation of each Board member with respect to the independence criteria set by the AFEP-MEDEF Code, see the table in Section 9.1.1.1.2 hereafter

The Board of Directors brings together major managerial, industrial, and financial expertise. Board members contribute to the work and deliberations of the Board of Directors and specialized committees through their diverse experience in the automobile industry and other economic sectors in which the Group does not operate. They also bring their international experience to the Group. They act in the best interests of all shareholders and are fully involved in defining Faurecia's corporate strategy so that they can actively and effectively contribute to and support the decisions of the Board.

The business address of Board members is that of Faurecia.

Neither the bylaws nor the internal rules of the Board of Directors contain rules for staggered terms of office.

The Board has no non-voting Board member.

Information on the expertise and experience of the corporate officers and details of their terms of office and other positions held by them are provided later in this Chapter 9.



9.1.1.1.1. CHANGES IN GOVERNANCE STRUCTURE

2016 was marked by a major change in the Group's governance, namely the segregation of the duties of the Chairman of the Board of Directors and the Chief Executive Officer as from July 1, 2016.

This change is the result of a process initiated at the Board of Directors meeting of July 23, 2015, which adopted the principle of segregation of duties in accordance with Article 17 of the Company's bylaws.

At its April 13, 2016 meeting the Board of Directors subsequently resolved to appoint Yann Delabrière, who had served as Chairman and Chief Executive Officer since February 16, 2007, as Chairman of the Board of Directors and Patrick Koller, who had served as Deputy Chief Executive Officer and Chief Operating Officer since February 2, 2015, as Chief Executive Officer, with both appointments effective as from July 1, 2016.

Patrick Koller, who currently is not a Board member, participates in all Board of Directors meetings by the Board decision of February 11, 2015. His appointment as a Board member will be submitted for shareholder approval at the Annual Shareholders' Meeting of May 30, 2017.

Given the segregation of the duties of the Chairman of the Board of Directors and the Chief Executive Officer effective as from July 1, 2016, the internal rules of the Board of Directors were revised to reflect, among others, this new governance structure.

Under the terms of this document, the Chairman's role is defined as follows:

The Chairman organizes and directs the work of the Board of Directors and ensures the effective operation of the Board and its committees, in accordance with good governance principles.

The Chairman must:

- promote the highest standards of integrity, probity and corporate governance across the Group, particularly at Board level thus ensuring the effectiveness thereof;
- manage the relations between Board members and the Chairs of the committees and, in this respect:
 - promote effective working relations and open communication, and foster an environment that encourages constructive discussions and the sharing of information between Board members and the Chief Executive Officer, during and outside meetings,
 - lead and govern the Board so as to create the conditions required for the overall effectiveness of the Board and its members, and ensure that all key and relevant issues are adequately prepared and discussed by the Board of Directors and the various committees in a timely fashion,
 - schedule and set the agenda of the Board meetings, in consultation with the Chief Executive Officer and the Secretary of the Board, to take full account of the

Group's major challenges and issues raised by Board members, and ensure that sufficient time is devoted to thoroughly discuss significant and strategic matters,

- address any conflicts of interest;
- conduct, with the help of the Governance Committee, assessments of the Board of Directors, searches for new Board members and their induction program;
- organize, with the help of the Chief Executive Officer and the Chairs of the various committees, the preparation of and chair Annual Shareholders' Meetings, oversee the relations and ensure effective communication with shareholders;
- manage the relationship with the Chief Executive Officer:
 - act as a competent advisor for the Chief Executive Officer on all issues regarding the interests and management of the Company,
 - ensure that the strategies and policies adopted by the Board are effectively implemented by the Chief Executive Officer; without prejudice to the prerogatives of the Board of Directors and its committees, the Chairman is regularly kept informed by the Chief Executive Officer on all significant events concerning the Company's strategy, in line with the objectives set by the Board of Directors, as well as on major external growth projects, significant financial transactions, societal actions, or appointments of Business Group managers and other key positions within the Company. The Chairman receives from the Chief Executive Officer all information necessary to coordinate the work of the Board of Directors and its committees;
- coordinate or conduct specific projects. In particular, at the request of the Chief Executive Officer, the Chairman may represent the Company before stakeholders, public authorities, financial institutions, major shareholders and/or key business partners.

9.1.1.1.2. INDEPENDENCE OF MEMBERS OF THE BOARD OF DIRECTORS

As a reminder, the AFEP-MEDEF Code, which Faurecia follows, provides that at least one third of Board members must be independent in companies with controlling shareholders and half of the Board in other companies, at least two thirds of the members of the Audit Committee must be independent, and the committees responsible for appointments and compensation must have a majority of independent Board members.

As will be detailed below, the composition of the Board and committees of Faurecia is consistent with these recommendations.

Pursuant to the Code, a Board member is independent when they have no relation of any kind whatsoever with the Company, its Group or its management which might compromise the exercise of their free judgment.

Independence criteria provided for in the Code and reflected in the internal rules of the Board of Directors are as follows:

- not be or have been, in the past five years, an employee or executive corporate officer of the Company; an employee, executive corporate officer or Board member of a company directly or indirectly holding over 10% of its capital stock; an employee, executive corporate officer or Board member of a consolidated subsidiary;
- not be an executive corporate officer of a company in which the Company directly or indirectly holds the office of Board member or in which an employee appointed as such or an executive corporate officer of the Company (currently or who has held such an office for less than five years) holds the office of Board member;
- not have a business relationship with Faurecia that would represent a significant business activity with the company or the group in which the Board member has an executive management position;
- not have close family ties with a corporate officer;

- not have been the Company's Statutory Auditor in the past five years; and

- not be a Company Board member for more than 12 years.

The Board of Directors, based on the Governance Committee's report, reviews the independence status of each of its members at least once a year and the independence of each new member upon their appointment.

At its meeting of December 21, 2016 and on the recommendation of the Governance Committee which met at the same date, the Board decided that the business relationship condition should be examined using a multi-criteria approach including a qualitative analysis which will be detailed in the Registration Document when necessary.

At its meeting of February 8, 2017 and on the recommendation of the Governance Committee which met on February 6, 2017, the Board of Directors reviewed the situation of each of its members based on the AFEP-MEDEF Code's independence criteria. It used the multi-criteria approach, including a qualitative analysis, in order to assess the business relationship condition.



The conclusions reached by the Board of Directors at its February 8, 2017 meeting as a result of the review are reflected in the summary table below:

REVIEW OF THE INDEPENDENCE OF BOARD MEMBERS BASED ON THE AFEP-MEDEF CODE'S INDEPENDENCE CRITERIA

	Éric BOURDAIS DE CHARBONNIÈRE	Jean-Baptiste CHASSELOUP DE CHATILLON	Jean-Pierre CLAMADIEU	Yann DELABRIÈRE	Odile DESFORGES	Lee GARDNER	Hans-Georg HÄRTER	Linda HASENFRATZ	Olivia LARMARAUD	Ross McINNES	Amparo MORAEDA	Robert PEUGEOT	Michel de ROSEN	Bernadette SPINOY	Carlos TAVARES
Is not or has not been, in the past five years, an employee or an executive corporate officer of the Company, an employee, an executive corporate officer or Board member of a company holding directly or indirectly more than 10% of its capital or of a consolidated company	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No
Is not an executive corporate officer of a company in which the Company directly or indirectly holds the office of Board member or in which an employee appointed as such or an executive corporate officer of the Company (currently or who has held such an office for less 5 years) holds the office of Board member	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Is not in a business relationship with the Company which would represent a significant part of the activity with the company or the group of which the Board member is a member of the executive management	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Does not have close family ties with a corporate officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Has not been the Company's statutory auditor in the past five years	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Has not been a Company Board member for more than 12 years	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Situation of the Board member	*	■	*	■	*	*	*	*	*	■	*	*	■	*	■

* Independent ■ Non-independent

Therefore, and according to the criteria of the AFEP-MEDEF Code, as of December 31, 2016 Faurecia's Board of Directors was made up of 10 independent Board members out of 15, that is to say that more than one third of Board members were independent.

9.1.1.3. GENDER BALANCE ON THE BOARD OF DIRECTORS

As of December 31, 2016 the Board of Directors had five women members.

As of that date, the composition of the Board was therefore consistent with the provisions on balanced representation of men and women on Boards of Directors under the AFEP-MEDEF Code and the law of January 27, 2011 on the balanced representation of men and women on Boards of Directors and professional equality.

At their Annual Shareholders' Meeting of May 30, 2017, the shareholders will be invited to vote on the appointment of an additional woman Board member.

9.1.1.4. REPRESENTATION OF EMPLOYEES ON THE BOARD OF DIRECTORS

As of December 31, 2016, the Board had no members representing employee shareholders or any other employees.

However, the Annual Shareholders' Meeting of May 30, 2017 will be asked to approve an amendment to the bylaws to include a procedure to appoint Board members representing employees, in accordance with Article L. 225-27-1 of the French Code of commerce introduced by the French Employment Protection Act of June 14, 2013 as amended by the French Employment and Labor Relations Act of August 17, 2015.

9.1.1.2. Roles and responsibilities of the Board of Directors

In accordance with current legal and statutory provisions, the Board of Directors is a collective body that determines the Company's business strategy and oversees its implementation. Subject to the powers expressly granted to Annual Shareholders' Meetings and within the scope of the Company's purpose, it deals with all matters regarding the proper operation of the Company and settles matters concerning it through its decisions. The Chairman consults it on all Company and Group strategic decisions.

The Board's internal rules detail the roles and responsibilities of the Board of Directors and its committees. They describe the roles of the Chairman, the Chief Executive Officer and the Secretary of the Board. They detail the Board's modus operandi and specify that its work must be assessed on an annual basis. The internal rules specify the rights and responsibilities of Board members, particularly regarding the prevention of conflicts of interest, the holding of multiple offices, and the need for strict confidentiality in deliberations as well as diligence when taking part in the Board's work.

Given the segregation of the duties of the Chairman of the Board of Directors and the Chief Executive Officer effective as from July 1, 2016, the internal rules of the Board were revised

to reflect, among others, the new governance structure. This new version that has been applied since July 1, 2016 is made available to the shareholders at the Company's registered office and also online at www.faurecia.com.

The internal rules provide for the following tasks to be performed by the Board of Directors:

- *determination of strategic directions:*

- determination and control of the implementation of decisions concerning the Company's main economic, social, financial, and technological strategies.

The medium-term direction of the Group's activities is defined by a strategic plan. The draft of this plan is prepared and presented by the Chief Executive Officer before being adopted by the Board of Directors.

In addition, as part of internal procedures, the Chief Executive Officer must obtain approval from the Board of Directors before carrying out any acquisition, disposal, or joint venture project representing a total asset value of over €100 million and/or with sales in excess of €300 million. Likewise, any significant transaction that is not included in the Company's strategic plan must be approved by the Board beforehand;

- *governance and management:*

- review of governance structure: determination of Faurecia's executive management procedures, creation of committees of the Board of Directors, appointment of their members, determination of their tasks and operating procedures,
- co-optation of and proposals to appoint or reappoint Board members, appointment or reappointment of the Chairman,
- compensation for the Chairman and Board members,
- governance assessment: work of the Board and its committees; review of the independence of Board members,
- appointment or reappointment of the Chief Executive Officer and Deputy Chief Executive Officers and determination of their compensation,
- implementation of stock option plans, performance share plans and any other type of long-term compensation, and approval of beneficiaries thereof,
- authorization of agreements and commitments regulated under the French regulations,
- notice prior to the acceptance of a new term of office in a listed company by an executive corporate officer,
- authorization of sureties, endorsements and guarantees, allocation of an annual amount of sureties to be issued by the Chief Executive Officer and determination of the terms and conditions thereof;



- *financial statements and relations with Statutory Auditors:*
 - approval of the annual parent company financial statements and annual and interim consolidated financial statements and preparation of the Company management and Group management reports,
 - verification of the relevance, consistency and proper application of the accounting methods used to prepare the financial statements,
 - monitoring of the process for preparing the financial information,
 - selection of the Statutory Auditors whose appointment will be submitted for shareholder approval at the Shareholders' Meeting, and verification of compliance with the rules that guarantee their independence especially regarding the amount of their compensation;
- *internal control and risk management:*
 - monitoring the effectiveness of the internal control and risk management systems,
 - support to the Chairman in the preparation of the Chairman's report on the internal control procedures implemented by the Company.
- In this respect, risk monitoring and control are reviewed at least annually following a presentation by the Audit Committee;
- *budget and planning:*
 - approval of the annual budget,
 - periodic review of the Group's business and of budget execution,
 - approval of planning items and related reports;
- *financial position, financing and security issues:*
 - quarterly review of the Group's financial and cash position as well as contingent liabilities,
 - decision to carry out complex bond and other security issues that are not likely to involve a capital increase, as well as share issues under the authority delegated by the Extraordinary Shareholders' Meeting,
 - carrying out transactions impacting the capital under the authority delegated by the Extraordinary Shareholders' Meeting;
- *Annual Shareholders' Meeting:*
 - convening Annual Shareholders' Meetings and setting the agenda.

9.1.1.3 Organization of the work of the Board of Directors

The Board of Directors meets at least four times per year, as provided by the bylaws, to discuss the agenda items listed by the Chairman. The Chairman convenes the Board meetings and communicates their agendas.

The Chief Executive Officer attends Board of Directors meetings.

By way of exception, the Board of Directors meets at least once per year without the Chief Executive Officer in attendance to assess the performance thereof and discuss governance issues.

Sufficient time must be devoted during each Board meeting to usefully and thoroughly discuss the agenda items.

The Chairman, assisted by the Secretary of the Board of Directors, is responsible for communicating the information and documents required for the Board meetings to the Board members in a timely manner.

In this context, it should be noted that the Board's internal rules stipulate that each Board member must inform the Board of Directors of any situation of conflict of interest, even potential, and consequently abstain from participating in deliberations concerning them, or not attend the Board meetings while they find themselves in a situation of conflict of interest, or resign from the Board membership. In case of non-compliance with these rules of abstention or withdrawal, the Board member could be held liable. In case of conflict of interest, the Board member concerned will not receive documentation relating to the Board meeting(s) in question.

No such situations arose in 2016.

Outside their meetings, Board members receive from the Chairman important or urgent information relevant to the Company and the Group. They also receive press releases distributed by the Company.

Any additional information or document requested by a Board member is automatically communicated to all other Board members.

Such information and documents may be provided during a Board meeting should privacy or timeliness considerations so require.

In accordance with the laws, a Board member may specifically designate another Board member to represent them at Board meetings.

Subject to applicable laws and regulations, the meetings of the Board of Directors may take place by video conference or any other means of telecommunication, in particular to allow for the actual participation of Board members who are unable to attend the meetings in person.

In the situation referred to above:

- any Board members who attend the meeting by video conference or any other means of telecommunication are deemed present for the purposes of quorum and majority; The Board thus duly deliberates if at least half of its members attend the meeting in person or by video conference or any other means of telecommunication;
- the video conference or any other means of telecommunication used must meet the technical specifications that guarantee the effective participation of each attendee. The deliberations must be transmitted in a continuous and simultaneous manner. Adequate arrangements are to be made for the identification of each participant and verification of the quorum; the attendance register for the meetings of the Board of Directors must mention, where applicable, the participation by video conference or any other means of telecommunication of the Board members concerned;
- the meeting minutes must indicate the name(s) of the Board member(s) participating by video conference or any other means of telecommunication. Meeting minutes must also indicate any technical incident relating to video conference or any other telecommunication means that disrupted the meeting, including any interruption and restoration of the remote participation;
- in case of a malfunction of the video conference system or means of telecommunications noted by the Chairman of the meeting, the Board of Directors may duly deliberate and/or continue the meeting only with the members attending in person, provided that the quorum requirements are met;
- the above provisions do not apply to the adoption of the decisions referred to in Articles L. 232-1 and L. 233-16 of the French Code of commerce related, respectively, to the preparation of the parent company financial statements and management report, and the preparation of the Group consolidated financial statements and management report.

To optimize its discussions, the Board of Directors established committees in accordance with Article R. 225-29 of the French Code of commerce.

Following the assessment of the operation of the Board and its committees for 2015, at its meeting of February 10, 2016 the Board of Directors decided to dissolve the Strategy Committee as from that date, as all the Board members wished to participate in discussions on the Group's strategic directions. This does not preclude the setting up of an ad hoc committee to examine a particular issue.

In addition, at the same February 10, 2016 meeting the Board decided to reorganize the Appointments and Compensation Committee, which had a particularly high workload, into two

new committees: the Governance Committee dedicated to issues related to the composition and operation of the Board of Directors and its committees, and the Management Committee dedicated to issues related to Group managers all the way up to the Chief Executive Officer. These two committees came into force at the end of the Board meeting of July 25, 2016 which adopted the Board's internal rules.

As of December 31, 2016, the following committees were active:

- a Governance Committee, whose role is to deal with all corporate governance issues. In this respect, the committee assesses the Company's governance structure and its executive management procedures, making recommendations where necessary. It may also provide opinions at the request of other Board committees. Furthermore, the committee manages the process for appointing the Board members and the Chairman of the Board of Directors, reviews the overall amount of attendance fees and their allocation among the members, and directs the corporate governance assessment process (assessment of the work of the Board members and committees, assessment of the members' independence status);
- a Management Committee, which focuses on issues related to the selection and compensation, including long-term compensation, of the Company's Executive Management. More generally, this committee deals with issues related to the performance, selection and compensation, including long-term compensation, of the main executives of the Company (Executive Committee members, Senior Management);
- an Audit Committee whose main role is to review the process for approving the annual parent company financial statements and the annual and interim consolidated financial statements, as well as the process for preparing the financial information. It is responsible for maintaining relations with the Statutory Auditors and managing their selection and independence. It also monitors internal control and risk management procedures. The Audit Committee examines the budget, monitors its execution and reviews planning documents. Lastly, it reviews the Group's financial position and planned security issues.

These committees have a purely internal role in preparing some of the Board's deliberations. They issue proposals, opinions, and recommendations within their field of competence.

Each committee has its own internal rules approved by the Board of Directors which sets their composition, membership rules and operating procedures, and specific roles.

The committees report on their work to the Board of Directors after each meeting and perform a self-assessment of their activities on an annual basis.



9.1.1.4. Report on the work of the Board and its Committees in 2016

The table below indicates the attendance of each Member to the meetings of the Board and its Committees, as applicable, in 2016. The Strategy Committee, which was dissolved on February 10, 2016 did not meet in 2016.

	Board of Directors						Audit Committee			
	Feb 10	Apr 13	May 27	Jul 25	Oct 11	Dec 21	Feb 8	Apr 11	Jul 21	Dec 19
Éric BOURDAIS DE CHARBONNIÈRE	X	X	X	X	X	X	X	X	X	
Jean-Baptiste CHASSELOUP DE CHATILLON	X	X	X	X	X	X	X	X	X	
Jean-Pierre CLAMADIEU	X	X	Absent	X	X	X				
Yann DELABRIÈRE	X	X	X	X	X	X				
Michel DE ROSEN					X	X	X			
Odile DESFORGES					X	X	X			X
Lee GARDNER	X	X	Absent	X	X	X				
Hans-Georg HÄRTER	X	X	X	X	X	X				
Linda HASENFRATZ	X	X	X	X	X	Absent				
Olivia LARMARAUD					X	X	X			X
Ross MCINNES	X	X	X	X	X	X	X	X	X	X
Amparo MORALEDA	X	X	Absent	X	X	X				
Robert PEUGEOT	X	X	X	X	X	X				
Thierry PEUGEOT	X	X	X							
Bernadette SPINOY	X	X	Absent	X	X	X	X	X	X	X
Carlos TAVARES	X	X	Absent	X	X	X				

	Appointments and Compensation Committee			Governance Committee		Management Committee	
	Feb 4	Apr 6	Jul 20	Oct 11	Dec 21	Oct 3	Dec 16
Éric BOURDAIS DE CHARBONNIÈRE				X	X		
Jean-Baptiste CHASSELOUP DE CHATILLON				X	X		
Jean-Pierre CLAMADIEU	X	X	X	X	X		
Yann DELABRIÈRE							
Michel DE ROSEN						X	X
Odile DESFORGES							
Lee GARDNER							
Hans-Georg HÄRTER						X	X
Linda HASENFRATZ	X	X	X			X	X
Olivia LARMARAUD							
Ross MCINNES							
Amparo MORALEDA	X	X	X	X	X		
Robert PEUGEOT	X	X	X			X	X
Thierry PEUGEOT							
Bernadette SPINOY							
Carlos TAVARES							

9.1.1.4.1 THE BOARD'S WORK IN 2016

In 2016, the Board of Directors met six times with an attendance rate of 93%.

At each of its meetings, the Board of Directors took note of the Group's operating results, business perspectives, and results.

The topics specifically discussed at each of these meetings were as follows:

- At its meeting of February 10, 2016, the Board of Directors reviewed and approved the 2015 parent company and consolidated financial statements and decided to propose the payment of a cash dividend of €0.65 per share to the shareholders.

The Board also approved the guidance for 2016.

In this context, it further approved the wording of the press release announcing the earnings for fiscal 2015, and the business and results outlook for fiscal 2016.

It approved a €700 million bond issue in March 2016, as well as the implementation of the share buy-back program authorized by the sixth resolution of the Annual Shareholders' Meeting of May 27, 2016. A total number of 800,000 shares were bought back under this authorization.

The Board reviewed the Company's strategic projects, including potential investments in start-ups developing new technologies.

A number of governance issues were submitted to the Board for consideration.

It approved the Chairman and Chief Executive Officer's variable compensation for 2015, the criteria to determine the variable component of his compensation for 2016 and its fixed compensation for 2016.

The Board also approved the Deputy Chief Executive Officer's fixed compensation for 2016 and the criteria to determine the variable component of his compensation for 2016.

The Board discussed the results of the assessment of its work and that of its committees for 2015 and as a result it decided to reorganize its committees as described earlier in this document.

With specific regard to strategy review, it was decided, based on the results of this assessment, that the Board would continue to review the Company's strategic financial plan at its July meeting, the October meeting would remain dedicated to strategy but with heightened emphasis on the Group's strategy in relation to each Business Group, and the major development trends for automotive technologies would be discussed during that same meeting. Furthermore, it was decided that the April meeting of the Board would offer the opportunity to review an interim report on strategy.

Lastly, the Board decided to submit the appointment of Olivia Larmaraud and Michel de Rosen as new Board members for shareholder approval at the Annual Shareholders' Meeting of

May 27, 2016, upon the recommendation of the Appointments and Compensation Committee.

- At its meeting of April 13, 2016, the Board of Directors examined the sales for the first quarter of 2016 and approved the wording of the related press release.

Following the signing of a Memorandum of Understanding (MoU) on December 14, 2015 with respect to the proposed sale of the Faurecia Automotive Exteriors Business Group to Plastic Omnium, the Board of Directors received a progress report thereon.

With respect to governance, as indicated above, the Board of Directors resolved to appoint Yann Delabrière, who had served as Chairman and Chief Executive Officer since February 16, 2007, as Chairman of the Board of Directors and Patrick Koller, who had served as Deputy Chief Executive Officer and Chief Operating Officer since February 2, 2015, as Chief Executive Officer, with both appointments effective as from July 1, 2016.

The Board also reviewed the independence of its members.

Furthermore, following the decisions made by the Board at its February 10, 2016 meeting to dissolve the Strategy Committee and create a Governance Committee and a Management Committee to replace the Appointments and Compensation Committee, the Board adopted the internal rules of the two new committees, reviewed the composition of all committees, including that of the Audit Committee, and resolved that these new rules and composition would be effective at the end of the Board meeting of July 25, 2016.

Based on a comparative review of a sample of CAC 40 and SBF 120 companies, the Board also resolved to review the attendance fee cap to be applied from 2016 onwards and, on the one hand, increase the amount of variable fees associated with the meetings of the Board of Directors and its committees and, on the other hand, allocate a higher amount for fixed and variable attendance fees for the Chairmen of the committees.

It adopted the 2015 Registration Document, convened a Combined General Meeting on May 27, 2016, and approved the latter's agenda and resolutions to be submitted to the shareholders for approval.

In this respect, besides the appointments of Odile Desforges, who was shortlisted by the Board of Directors at its meeting of December 16, 2015, Olivia Larmaraud and Michel de Rosen, the Board resolved to ask the Shareholders' Meeting to reappoint Linda Hasenfratz. All these appointments were to be made for four-year terms. The Board also decided to ask the shareholders for an advisory opinion on the compensation components for Yann Delabrière and Patrick Koller in accordance with the Say on Pay principle. Lastly, the Board proposed to submit a resolution for shareholder approval to allocate Company shares, either existing or to be issued, free of charge to employees and/or certain corporate officers.

Furthermore, it reviewed the regulated agreements and commitments authorized in 2015 and those authorized in previous years and remaining in effect in 2015.



The Board approved the 2015 supplementary pension scheme annuities for the members of the Executive Committee and, with respect to the Performance Share Plan No. 5, it duly noted the achievement of the internal and external performance conditions and concluded that these conditions had been met in full.

In accordance with Article L. 225-37-1 of the French Code of commerce, it also reviewed professional equality and pay and was informed, in accordance with AMF recommendation No. 2013-18, that sustainable development and social and environmental responsibility within the Group had been addressed.

- The May 27, 2016 meeting of the Board of Directors, held prior to the Annual Shareholders' Meeting of the same date, aimed to approve the responses to the questions submitted in writing by a shareholder.
- At its meeting of July 25, 2016, the Board of Directors reviewed and approved the consolidated financial statements for the first-half 2016 and the interim management report, reviewed the Group's 2016-2021 strategic plan and carried out the mid-year execution analysis of the 2016 budget.

Furthermore, the Board approved the guidance for the first-half 2016 and the press release related to these results.

It reviewed and approved the five-year strategic financial plan.

In terms of strategic transactions, it studied the opportunity of a partnership with the Parrot Group relative to the Group's automotive branch, having potential for high synergies with the Cockpit of the Future offering of Faurecia.

As regards corporate governance, the Board approved the compensation components for Yann Delabrière and Patrick Koller to be applied as from July 1, 2016, in their capacities as Chairman of the Board of Directors and Chief Executive Officer, respectively, and in this context and in application of the regulated agreements procedure of Article L. 225-38 of the French Code of commerce, it maintained for Patrick Koller, Chief Executive Officer, two defined benefit pension schemes, authorized a termination payment and duly noted the publication of these components on the Company's website in accordance with Article L. 225-42-1 of the French Code of commerce.

It also adopted the new internal rules of the Audit Committee, amended to take into account the changes related to Order No. 2016-315 dated March 17, 2016 on Statutory Auditors.

Lastly, at the same meeting the Board decided to award an eighth performance share plan based on the authorization received from the Shareholders' Meeting of May 27, 2016, and adjusted the internal performance conditions of Performance Share Plans No. 6 and No. 7 to take into account the sale of the Automotive Exteriors business.

- The Board of Directors meeting in October is usually dedicated to strategic planning.

The strategy of the three Business Groups was thus discussed at the meeting of October 11, 2016, from the perspective of the following themes: growth targets, key financial indicators, the description of the main operational steps to be implemented to achieve the financial targets, the competitive environment.

The Board also studied the financial components of the Group's strategic plan and its investment capacity, as well as the strategic plan for Human Resources.

A presentation of strategic trends in the industry was followed by a discussion about Faurecia's overall strategy and investment options in the context of the Cockpit of the Future project.

The achievements and projects of Faurecia Ventures, a newly-formed company dedicated to investments in innovative companies, were discussed under a specific agenda item.

The Board also duly noted the ongoing negotiations with Parrot S.A..

Lastly, at the same meeting the Board also reviewed the sales for the third quarter of 2016 and the related press release.

- At its meeting of December 21, 2016, the Board of Directors examined and approved the 2017 budget and reviewed the forecasts for 2016.

In addition, the Board rediscussed the strategic priorities related to the Cockpit of the Future project, the financial components of the Group's strategic plan and its investment capacity.

In this context, following the information that the transaction's terms and conditions awarded to Faurecia by Parrot S.A. had been signed on December 6, 2016, the Board gave its consent for the transaction to proceed.

With respect to corporate governance, the Board decided to submit the appointment of Penny Herscher as a new Board member for shareholder approval at the Annual Shareholders' Meeting of May 30, 2017, upon the recommendation of the Governance Committee meeting on the same date.

To comply more strictly with the recommendations of the AFEP-MEDEF Code, the Board also decided to increase the number of shares to be held by Board members. It thus resolved to amend its internal rules to provide that each Board member must hold a total of 500 shares, including twenty shares provided for in the bylaws, during the entire term of their corporate office. However, this rule does not apply to Board members receiving no attendance fees who are only required to hold the 20 statutory shares.

With respect to the independence of Board members, the Board reviewed the criteria for assessing their business relations and decided to use a multi-criteria approach including a qualitative analysis and amend its internal rules accordingly, upon the recommendation of the Governance Committee. The internal rules were also modified to take into

account the amendments to the AFEP-MEDEF Code to define more precisely all the independence criteria.

The Board of Directors also voted in favor of the allocation of additional attendance fees per Board meeting to attending non-European Board members as reimbursement for intercontinental travel expenses, effective as from the Annual Shareholders' Meeting of 2017.

Lastly, the Board delegated its authority to the Audit Committee to approve non-audit services as provided for in the Order of March 17, 2016 related to Statutory Auditors, and following this new assignment to amend the internal rules of the Audit Committee.

Furthermore and in addition to the topics outlined above, a major corporate governance theme was addressed by the Board of Directors in 2016 in connection with the succession of the Chairman and Chief Executive Officer, a process that culminated in the segregation of the duties of the Chairman and the Chief Executive Officer as was described in paragraph 9.1.1.1.1.

In general and throughout the year the Board reviewed the changes in the Group's governance, upon the recommendations of the Appointments and Compensation Committee and then of the Governance Committee.

9.1.1.4.2. THE AUDIT COMMITTEE

Composition of the Audit Committee

Under the terms of its internal rules, the composition of the Committee is decided by the Board and it can change the composition at any time.

The Committee is composed of at least three members and no more than five members.

Members are selected from among the Board members. They cannot be represented at Committee meetings.

The term of office of Committee members is the same as that of their term of office as Board members. The Committee member's term of office may be renewed at the same time as their term of office as Board member.

The Board of Directors appoints a Committee Chairman from among its members for a term identical to that of their term of office.

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

The Committee may only be composed of members of Faurecia's Board of Directors who are not executives (in particular the Chairman, the Chief Executive Officer, or the Deputy Chief Executive Officer(s)).

At least two-thirds of the Committee's members must be independent. The independence of Committee members is assessed according to the independence criteria defined by the internal rules of the Board of Directors and the AFEP-MEDEF Code.

Committee members must have special expertise in finance, accounting or auditing.

Required expertise is assessed based on professional experience, academic training and/or specific knowledge of the Company's business.

By invitation of the Committee Chairman, the Chief Financial Officer, certain representatives of the Finance Department (such as the directors of Financial Control, Internal Audit, Internal Control, and Treasury) or members of the Executive Committee attend Committee meetings.

Upon convening notice sent by the Committee Chairman, the Statutory Auditors attend Committee meetings when an agenda item requires their presence.

The Committee may also call on external experts, as necessary, ensuring their competence and independence.

As of December 31, 2016, the Audit Committee was composed of four members: Odile Desforges, Olivia Larmaraud, Bernadette Spinoy and Ross McInnes.

It was chaired by Ross McInnes, the Chairman of the Board of Directors of Safran, previously Deputy Chief Executive Officer in charge of economic and financial affairs at Safran and who served as the Chief Financial Officer of several listed companies.

The Committee therefore had three independent Board members, including the Chairman, and its composition complied with the two-thirds threshold recommended by the AFEP-MEDEF Code and as reflected in the Committee's internal rules.

Missions of the Audit Committee

The Committee studies and prepares some of the Board's deliberations. It issues proposals, opinions, and recommendations within its field of competence. The Committee only has a consultative role and acts under the authority of the Board of Directors to which it reports whenever necessary and may not replace.

In general, the Committee reviews any financial or accounting matter submitted to it by the Chairman of the Board of Directors.

The Committee's internal rules specifically provide for the following responsibilities:

Audits

The Committee is responsible for reviewing the annual parent company financial statements and annual and interim consolidated financial statements of the Faurecia group so as to report to the Board on the results of the statutory audit, the contribution of the audit to the integrity of the financial information and the role the Committee played in this process.

In this regard, the Committee must:

- i. review the financial statements and related management reports;
- ii. ensure the relevance, permanence and proper application of the accounting policies used in the preparation of the financial



statements, primarily by monitoring their preparation and assessing the validity of the methods selected for treating major transactions;

- iii. monitor the preparation of the financial information and, where necessary, formulate recommendations to safeguard its integrity;
- iv. during the review of the financial statements, examine the major transactions likely to give rise to a conflict of interests;
- v. ensure the adequate treatment of major transactions at the Faurecia group level;
- vi. review the consolidation scope and, where necessary, the reasons for excluding certain companies therefrom;
- vii. monitor the statutory audits (where applicable, by taking into account the findings and conclusions of the French auditors supervisory body – *Haut Conseil du Commissariat aux Comptes*), ensure the implementation of Statutory Auditors' recommendations, and call on Statutory Auditors during the meetings reviewing the financial statements and the preparation of the financial information to report on the execution of their audit and the conclusions of their work;
- viii. examine the financial communication media and formulate appropriate recommendations to the Board of Directors.

The review of the financial statements by the Committee must be accompanied by (i) a presentation given by management of the Company's risk exposure and major off-balance sheet commitments, as well as (ii) a presentation by the Statutory Auditors highlighting the key aspects of the results of the statutory audit, in particular audit adjustments and material weaknesses in internal control identified in the course of their work, and the accounting options selected.

Relationship with Statutory Auditors

The Committee manages the Statutory Auditor selection process and issues to the Board of Directors recommendations on the Statutory Auditors to be appointed or reappointed by the Annual Shareholders' Meeting, in accordance with Article 16 of Regulation (EU) No. 537-2014 dated April 16, 2014. It develops the Statutory Auditor selection principles and procedure (in particular through a call for tender, if necessary). It oversees any call for tender and approves its technical specification and the list of firms consulted, ensuring that the best and not the lowest bidder is selected.

The Committee ensures that Statutory Auditors meet the independence criteria, in particular those defined in the French Code of commerce and Regulation (EU) No. 537-2014 dated April 16, 2014. In this respect, it reviews risks to their independence and the safeguards implemented to mitigate them with the Statutory Auditors. The Committee must specifically ensure that the fees paid by the Company and its Group, or the

proportion that they represent of the revenue of the firms and their networks, are not likely to adversely impact the Statutory Auditors' independence under the terms of Regulation (EU) No. 537-2014 dated April 16, 2014.

The Committee approves the provision of non-audit services.

The Statutory Auditors must give a presentation to the Committee on the following:

- i. their general work program and the tests performed;
- ii. changes they believe should be made to the financial statements or accounting records and their observations on the measurement methods used;
- iii. any non-conformities or misstatements found;
- iv. conclusions resulting from the observations and corrections mentioned above;
- v. at the date of presentation of the audit report, a supplementary audit report prepared pursuant (i) to Article 11 of Regulation (EU) No. 537-2014 dated April 16, 2014 and (ii) to Article L. 823-16 III of the French Code of commerce (as amended by Order No. 2016-315 dated March 17, 2016) and that discloses the results of the statutory audit.

Every year, they provide the Committee with the following:

- i. a statement of independence;
- ii. the amount of fees paid to the network of Statutory Auditors by entities controlled by the Company or its controlling entity for non-audit services, as well as the nature of those services;
- iii. information on other audit-related procedures and services.

Internal control and risk management

The Committee must obtain an understanding of and assess the internal control procedures and more specifically monitor the effectiveness of the internal control and risk management systems and, where appropriate, Internal Audit systems, concerning the procedures for the preparation and processing of accounting and financial information, without prejudice to its independence.

The Committee must ensure the existence of internal control and risk management systems, the deployment and implementation thereof, and the implementation of corrective actions in the event of material weaknesses or misstatements of which it must inform the Board of Directors.

In this context, the Committee is kept informed of the main findings of the Statutory Auditors and internal auditors. Thus:

- i. the Statutory Auditors inform the Committee of any material weaknesses identified in the course of their work, concerning the procedures for the preparation and processing of accounting and financial information;

- ii. the Committee hears the directors of Internal Audit and Risk Management and advises on the organization of their departments. It must be informed of the Internal Audit Program and receive Internal Audit reports or periodic summaries of these reports.

At least once per year, the Committee must make a presentation to the Board of Directors on risk monitoring and control.

The Committee is also required to formulate recommendations to the Board of Directors to assist in the preparation of the Chairman's report on internal control and risk management procedures.

Budget and planning

The Committee examines and makes recommendations to the Board of Directors for the annual budget and carries out periodic reviews of the Group's business and budget execution.

It reviews planning documents and related reports.

Financial position, financing and security issues

The Committee carries out periodic reviews of the Group's financial and cash position as well as its material contingent liabilities.

It examines and makes recommendations to the Board of Directors required for complex bond and other security issues not involving a capital increase, for share issues, or for carrying out transactions impacting the capital stock.

Operation of the Audit Committee

The Committee meets at least twice per year, before the approval of the annual and interim financial statements and as needed to carry out its duties.

The time between the review of the financial statements by the Committee and their review by the Board must be at least two days. Exceptionally, the Committee Chairman may decide to shorten this period to take into account the participation of members who are not based in France.

The Committee informs the Chairman of the Board of Directors without delay of any issues encountered during the course of its work.

Meetings are held at the registered office upon convening notice sent by the Chairman and/or the Secretary of the Committee. They may also be held by video conference or any other means of telecommunication. A Committee duly deliberates if at least half of its members attend the meeting in person or by video conference or any other means of telecommunication.

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

The Secretary is responsible for organizing and attending the Committee meetings, as well as for preparing meeting minutes to be submitted to the Committee for approval at the next meeting.

The Committee establishes its annual work program based on the results of its prior work and the current context of the Company.

Audit Committee activities in 2016

In 2016, the Audit Committee met four times with an attendance rate of 100%.

The topics specifically discussed at each of these meetings were as follows:

- The main aim of the Committee meeting held on February 8, 2016 was to examine the 2015 parent company and consolidated financial statements, review the cash position, and assess compliance with the bank covenants of the Group's main financing arrangements.

At the same meeting, the Committee reviewed the proposed appropriation of net income for the year and decided to propose to the Board of Directors meeting scheduled for February 10, 2016 the payment of a dividend of €0.65 per share.

It also reviewed the amount of auditors' fees for 2015.

In addition to reviewing the sales for the first quarter of 2016 and the related press release, the Committee meeting of April 11, 2016 was dedicated to examining the Internal Audit Report for 2015, reviewing its work plan for 2015, discussing internal control and reviewing the Statutory Audit Plan for 2016.

Particular attention was paid to risk management, with a presentation of the risk map and the provision of information on the process for defining and integrating risks.

The Committee also reviewed the financial authorizations to be submitted to the Shareholders' Meeting of May 27, 2016.

- At its meeting of July 21, 2016, the Committee examined the presentation of the 2016 interim financial statements and the related press release. It also reviewed the Group Internal Control's assignments for the first quarter.
- Lastly, the meeting of December 19, 2016 focused, among other things, on reviewing end-December results forecasts, the 2017 budget and the auditors' presentation of the 2016 "hard close" audit.

The Committee received a presentation of the results of the Internal Audits and internal controls carried out in 2016, as well as of the organization and achievements of the Compliance function set up in early 2016.



Lastly, it received a specific presentation of non-audit services, including a draft charter on approval rules thereof to be appended to the Committee's internal rules.

At each of its meetings, the Committee reviewed the Group's cash position, financing, and liquidity.

During its various meetings, the Audit Committee was also given presentations by the Group's Chief Financial Officer, the director of Internal Audit, and the director of Compliance. The Statutory Auditors gave their observations during each meeting.

The Committee Chairman presented a report on the Committee's work to the Board of Directors on February 10, April 13, July 25, and December 21, 2016.

9.1.1.4.3. THE APPOINTMENTS AND COMPENSATION COMMITTEE (IN EXISTENCE UNTIL JULY 25, 2016)

Composition of the Appointments and Compensation Committee

As of July 20, 2016, the date of its last meeting, the Appointments and Compensation Committee was composed of four members: Jean-Pierre Clamadieu who was the Chairman, Linda Hasenfratz, Amparo Moraleda and Robert Peugeot.

It was thus made up of three independent Board members and chaired by one of them in the person of Jean-Pierre Clamadieu. In accordance with the AFEP-MEDEF Code, the Committee did not include any corporate officers.

As of the same date, the Committee had no Board members representing employees.

Missions of the Appointments and Compensation Committee

The terms of the Committee's internal rules specifically provided for the following responsibilities:

Appointments

- preparation of the selection procedure for future Board members: determination of criteria to be used;
- review of proposed appointments;
- preparation of an executive succession plan;
- assessment of the Board members' independence status;
- review of proposed appointments to Committees.

Compensation

- Compensation of executive corporate officers

The Committee was tasked with recommending to the Board, on an annual basis, the fixed component and the performance-based criteria for the variable component of executive compensation with reference to the general compensation practices of equivalent French or foreign groups, as well as other types of compensation and benefits in kind to be awarded.

- Beneficiaries of stock option plans and performance share plans

The Committee was tasked with reviewing proposed stock option plans and performance share plans, as well as the most appropriate allocation categories. In this respect, it had to issue recommendations for awarding stock options and/or performance shares to executive corporate officers and opinions on the lists of other prospective beneficiaries.

- Board members' compensation

The Committee was responsible for conducting periodic assessments of attendance fees: recommendation for allocation rules and, as applicable, calculation criteria for a variable component linked to attendance at Board meetings and actual participation in Committee meetings. The Committee had to issue an annual recommendation in this regard.

Activities of the Appointments and Compensation Committee until July 25, 2016

In 2016, the Appointments and Compensation Committee met three times with an attendance rate of 100%.

- At its meeting of February 4, 2016, the Committee approved recommendations to the Board of Directors regarding the fixed compensation of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for 2016, together with setting the amount of their variable compensation for 2015 and the criteria to determine their variable compensation for 2016.

At the same meeting, the Committee examined the applications of Olivia Larmaraud and Michel de Rosen for Board membership and recommended them for approval at the Board of Directors meeting scheduled for February 10, 2016.

During this meeting, specific items on the agenda were dedicated to the amount of attendance fees and the assessment of the work of the Board and its committees in 2015, which had been conducted with the help of an external consulting firm, Russell Reynolds.

A more general issue, regarding recent changes in the application guide for the AFEP-MEDEF Code was brought to its attention.

- At its meeting of April 6, 2016, the Committee decided to recommend that the Board of Directors appoint Yann Delabrière as Chairman of the Board of Directors and Patrick Koller as Chief Executive Officer as from July 1, 2016.

At the same meeting and with a view to making recommendations to the Board of Directors, the Committee examined annual supplementary pension scheme annuities for the members of the Executive Committee as well as the achievement of the internal and external performance conditions for Performance Share Plan No. 5 and concluded that these conditions had been met in full.

It reviewed the independence of each Board member with respect to the criteria of the AFEP-MEDEF Code.

Based on a comparative review of a sample of CAC 40 and SBF 120 companies, the Committee recommended that the Board reviewed the attendance fee cap to be applied from 2016 in order to, on the one hand, increase the amount of variable fees associated with the meetings of the Board of Directors and its committees and, on the other hand, allocate a higher amount for fixed and variable attendance fees for the Chairmen of the committees.

Lastly, the Committee examined the composition of all committees.

- At its meeting of July 20, 2016, the Committee rediscussed the compensation components of the Chairman of the Board of Directors and the Chief Executive Officer as from July 1, 2016. In this context, it recommended that the Board of Directors awarded a termination payment to the Chief Executive Officer.

It continued its work on the conditions for awarding performance shares linked to the Group's medium-term performance to executives and key managers. The Committee reviewed the details of Plan No. 8, the definition of eligible employees and the determination of the award criteria, and approved all the related proposals which it submitted to the Board of Directors meeting of July 25, 2016.

It also reviewed the internal performance criteria for Plans No. 6 and No. 7, following the sale of the Automotive Exteriors business.

At each of its meetings, the Committee discussed future changes in the composition of the Board of Directors, specifically taking into account legal requirements on gender balance and employee representation.

In addition, the Committee closely supervised the replacement of the Chairman and Chief Executive Officer.

Yann Delabrière attended all Committee meetings in his capacity as Chairman and Chief Executive Officer, or Chairman, with the exception however of the discussions regarding his compensation.

The Committee Chairman reported on the Committee's work to the Board of Directors on February 10, April 13, and July 25, 2016.

9.1.1.4.4 THE GOVERNANCE COMMITTEE (CREATED AT THE END OF THE BOARD MEETING OF JULY 25, 2016)

Composition of the Governance Committee

The composition of the Committee is decided by the Board and it can change the composition at any time.

The Committee is composed of at least three members and no more than five members.

Members are selected from among the Board members. They cannot be represented at Committee meetings.

The term of office of Committee members is the same as that of their term of office as Board members. The Committee

member's term of office may be renewed at the same time as their term of office as Board member.

The Board of Directors appoints a Committee Chairman from among its members for a term identical to that of their term of office.

The Chairman of the Committee must be an independent Board member within the meaning of the AFEP-MEDEF Code of Corporate Governance for listed companies.

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

The Committee should not include any executive corporate officer (the Chief Executive Officer, the Deputy Chief Executive Officers) or Board members with interlocking directorships (within the meaning of Article 15 of the AFEP-MEDEF Code) and must have a majority of independent Board members.

By invitation of the Committee Chairman, the Chief Executive Officer, certain management representatives (such as the director of Human Resources) or members of the Executive Committee attend Committee meetings.

As of December 31, 2016, the Governance Committee was composed of four members: Jean-Pierre Clamadieu who is the Chairman, Éric Bourdais de Charbonnière, Jean-Baptiste Chasseloup de Chatillon and Amparo Moraleda. It is thus made up of three independent Board members and chaired by one of them in the person of Jean-Pierre Clamadieu. In accordance with the AFEP-MEDEF Code, the Committee does not include any corporate officers.

As of the same date, the Committee had no Board members representing employees.

Missions of the Governance Committee

The Committee studies and prepares some of the Board's deliberations. It issues proposals, opinions, and recommendations within its field of competence, in particular on any matter submitted to it by the Chairman of the Board of Directors.

The Committee only has a consultative role and acts under the authority of the Board of Directors to which it reports whenever necessary and may not replace.

The missions of the Committee include:

Governance structure

- examining all issues related to the Company's governance structure, in particular the segregation or combination of the duties of the Chairman of the Board of Directors and the Chief Executive Officer, and formulation of related recommendations to the Board of Directors;
- ensuring that the Company complies with the legal and regulatory provisions relevant to corporate governance and the provisions of the AFEP-MEDEF Code which the Company chose to abide by, and in this respect formulating all recommendations required, as applicable, to amend the



bylaws and internal rules of the Board of Directors and its committees;

- reviewing the issues related to the Company's governance structure submitted to it by the Chairman of the Board of Directors;
- formulating recommendations to the Board of Directors related to the creation, composition, tasks and operation of committees of the Board of Directors.

Selection, appointment and replacement of Board members and the Chairman of the Board of Directors

- formulating recommendations to the Board of Directors related to the appointment and reappointment of Board members, it being specified that the Committee will consider the following: the independence of Board members, the requirement for the Board of Directors to have the expertise and experience necessary for their work, international diversity in order to reflect the Group's global footprint, gender balance on the Board of Directors;
- preparing a succession plan for Board members so that it can advise the Board on succession in the event of unforeseen vacancies;
- formulating recommendations to the Board of Directors related to the appointment and reappointment of the Chairman of the Board of Directors;
- preparing a succession plan for the Chairman so that it can advise the Board on succession in the event of an unforeseen vacancy.

Compensation of Board members and the Chairman of the Board of Directors

- formulating annual recommendations to the Board of Directors related to the amount of attendance fees and their allocation mechanisms to Board members. In addition, it approves the amount of attendance fees due to Board members every year;
- formulating recommendations to the Board of Directors related to the Chairman of the Board of Directors' compensation components.

Governance assessment

- carrying out an annual assessment of the operation of the Board of Directors and its committees and a thorough assessment at least every three years (with the potential help of a consulting firm), and formulating related recommendations to the Board of Directors;
- reviewing the independence status of each of the Board members on annual basis, prior to the publication of the Company's Registration Document.

Ethics and compliance

- examining the Company's ethics and compliance policy with respect to good governance practices.

Operation of the Governance Committee

The Committee meets at least twice per year and as needed to carry out its duties.

The Committee informs the Chairman of the Board of Directors without delay of any issues encountered during the course of its work.

Meetings are held at the registered office upon convening notice sent by the Chairman and/or the Secretary of the Committee. They may also be held by video conference or any other means of telecommunication. A Committee duly deliberates if at least half of its members attend the meeting in person or by video conference or any other means of telecommunication.

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

The Secretary of the Committee is responsible for organizing and attending the Committee meetings, as well as for preparing meeting minutes to be submitted to the Committee for approval at the next meeting.

The Committee establishes its annual work program based on the results of its prior work and the current context of the Company.

Governance Committee activities in 2016

In 2016, the Committee met twice with an attendance rate of 100%.

- At its meeting of October 11, 2016, the Committee first reviewed its missions as well as its activities and work plan for end-2016 and full-year 2017.

It also examined changes in the composition of the Board of Directors in view of current regulatory requirements and terms of office due to expire at the end of the Annual Shareholders' Meeting of May 30, 2017.

In this context, the Committee decided to propose to the Board of Directors meeting scheduled for the same date to submit the reappointment of Amparo Moraleda, Jean-Pierre Clamadieu, Jean-Baptiste Chasseloup de Chatillon and Robert Peugeot as Board members, as well as the appointment of Patrick Koller, Chief Executive Officer, as a new Board member for shareholder approval at the Shareholders' Meeting of May 30, 2017.

Furthermore, it examined the profiles of several candidates with expertise in the electronics and high-tech industries.

The issue of employee representation on the Board was also presented to the Committee which duly noted the appointing procedures required by law.

Lastly, the Committee received a presentation on a regulatory issue linked in particular to the entry into force of the Market

Abuse Directive (EU) of April 16, 2016. In this context, it was informed of the Company-wide implementation of a process to qualify inside information and the deployment of new formats for insider lists.

- At its meeting of December 21, 2016, the Committee finalized the selection of a new woman Board member and decided to propose to the Board of Directors meeting scheduled for December 21, 2016 to submit the appointment of Penny Herscher for shareholder approval at the Shareholders' Meeting of May 30, 2017.

With respect to attendance fees, the Committee duly noted the amounts for 2016 and decided to propose to the Board of Directors meeting scheduled for the same date to allocate additional attendance fees per Board meeting to attending non-European Board members as reimbursement for inter-continental travel expenses, effective from the Annual Shareholders' Meeting of 2017.

The Committee also proposed to the Board to increase the number of shares to be held by Board members and provide that each Board member must hold a total of five hundred shares, including 20 shares provided for in the bylaws.

With respect to the independence of Board members, it reviewed the criteria for assessing their business relations and recommended that the Board of Directors should use a multi-criteria approach including a qualitative analysis and amend its internal rules accordingly.

Lastly, it received a presentation on a regulatory issue linked in particular to the publication of the new AFEP-MEDEF Code and to the Sapin Law of December 9, 2016. In this context, the Committee duly noted the consequences of the Say on Pay rules included in the Sapin Law in view of the Annual Shareholders' Meeting of May 30, 2017.

The Committee Chairman reported on the Committee's work to the Board of Directors on October 11 and December 21, 2016.

9.1.1.4.5. THE MANAGEMENT COMMITTEE (CREATED AT THE END OF THE BOARD MEETING OF JULY 25, 2016)

Composition of the Management Committee

The composition of the Committee is decided by the Board and it can change the composition at any time.

The Committee is composed of at least three members and no more than five members.

Members are selected from among the Board members. They cannot be represented at Committee meetings.

The term of office of Committee members is the same as that of their term of office as Board members. The Committee member's term of office may be renewed at the same time as their term of office as Board member.

The Board of Directors appoints a Committee Chairman from among its members for a term identical to that of their term of office.

The Chairman of the Committee must be an independent Board member within the meaning of the AFEP-MEDEF Code of Corporate Governance for listed companies.

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

The Committee should not include any executive corporate officer (the Chief Executive Officer, the Deputy Chief Executive Officers) or Board members with interlocking directorships (within the meaning of Article 15 of the AFEP-MEDEF Code) and must have a majority of independent Board members.

By invitation of the Committee Chairman, the Chief Executive Officer, certain management representatives (such as the director of Human Resources) or members of the Executive Committee attend Committee meetings. The Chief Executive Officer does not attend meetings where his compensation is discussed.

As of December 31, 2016, the Management Committee was composed of four members: Linda Hasenfratz who was the Chairwoman, Michel de Rosen, Hans-Georg Harter and Robert Peugeot. It was thus made up of three independent Board members and chaired by one of them in the person of Linda Hasenfratz. In accordance with the AFEP-MEDEF Code, the Committee did not include any corporate officers.

As of the same date, the Committee had no Board members representing employees.

Missions of the Management Committee

The Committee studies and prepares some of the Board's deliberations. It issues proposals, opinions, and recommendations within its field of competence, in particular on any matter submitted to it by the Chairman of the Board of Directors.

The Committee only has a consultative role and acts under the authority of the Board of Directors to which it reports whenever necessary and may not replace.

The missions of the Committee include:

Selection of the Chief Executive Officer

- formulating recommendations to the Board of Directors related to the appointment and reappointment of the Chief Executive Officer;
- preparing a succession plan for the Chief Executive Officer so that it can advise the Board on succession in the event of an unforeseen vacancy.

Selection of the Deputy Chief Executive Officers

- formulating recommendations to the Board of Directors related to the appointment and reappointment of the Deputy Chief Executive Officers;
- preparing a succession plan for the Deputy Chief Executive Officers so that it can advise the Board on succession in the event of an unforeseen vacancy.



Executive compensation

- formulating, on an annual basis, recommendations to the Board of Directors related to the fixed component and the performance-based criteria for the variable component of Executive Management members' compensation with reference to the general compensation practices of equivalent French or foreign groups, as well as other types of compensation and benefits in kind to be awarded;
- formulating recommendations to the Board of Directors on the achievement of the criteria for the variable component for Executive Management members;
- formulating recommendations on the other components of Executive Management members' compensation including pension and provident plans, supplementary pension schemes, benefits in kind and other pecuniary rights, in particular in the event of termination of service;
- ensuring that the commitments falling under the regulated agreements procedure strictly comply with applicable regulations.

Long-term incentive plans

- discussing the general policy for awarding stock options, performance shares and any other type of long-term compensation;
- review proposed stock option plans, performance share plans and any other type of long-term compensation, as well as their allocation to beneficiaries;
- formulating recommendations to the Board of Directions related to the award of stock options, performance shares and any other type of long-term compensation to executive corporate officers and issuing opinions on the lists of other prospective beneficiaries.

Performance, selection and compensation of management (other than Executive Management)

- carrying out an annual review of the performance of Group managers (Executive Committee and Senior Management);
- carrying out an annual review of the selection and succession plans for the members of the Executive Committee;
- review the compensation of the members of the Executive Committee on an annual basis.

Operation of the Management Committee

The Committee meets at least twice per year and as needed to carry out its duties.

The Committee informs the Chairman of the Board of Directors without delay of any issues encountered during the course of its work.

Meetings are held at the registered office upon convening notice sent by the Chairman and/or the Secretary of the Committee. They may also be held by video conference or any other means of telecommunication. A Committee duly deliberates if at least

half of its members attend the meeting in person or by video conference or any other means of telecommunication.

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

The Secretary of the Committee is responsible for organizing and attending the Committee meetings, as well as for preparing meeting minutes to be submitted to the Committee for approval at the next meeting.

The Committee establishes its annual work program based on the results of its prior work and the current context of the Company.

Management Committee activities in 2016

In 2016, the Committee met twice with an attendance rate of 100%.

- At its meeting of October 3, 2016, the Committee first reviewed its missions as well as its activities and work plan for end-2016 and full-year 2017.

The Management Committee then examined the organization of the Executive Committee and planned changes thereto and, in this context, it received a presentation on the short- and medium-term succession plan. The compensation components for the members of the Executive Committee were also discussed.

- At its meeting of December 16, 2016, the Committee appraised high-potential individuals likely to join the Executive Committee over the five next years and it also appraised Senior Management.

With respect to the latter, the Committee duly noted Faurecia's goals and key factors in the development of a future generation of Senior Managers, its composition, and desired developments.

The Committee also examined a first proposal for determining the 2017 targets for the Chief Executive Officer's variable compensation.

Lastly, it approved the internal guiding principles regarding the award by the Chief Executive Officer of exemptions from the continued employment condition of performance share plans.

The Committee Chairman reported on the Committee's work to the Board of Directors on October 11 and December 21, 2016.

9.1.1.5. Assessment of the Board's performance

The Board of Directors carries out an assessment of its operation every year.

Every three years, it carries out a thorough assessment with the help of an external consulting firm. The last such assessment was performed for 2015. The following two years, the assessment is to be conducted internally.

An internal assessment was thus performed for 2016.

The assessment was made in December 2016 and January 2017 using a questionnaire sent to each Board member.

The results of this assessment were presented to the Governance Committee on February 6, 2017.

The assessment questionnaire concerned the following topics:

- organization of the work of the Board of Directors;
- scope of the issues covered by the Board and its committees;
- relations between the Board and Executive Management since the segregation of the duties effective as from July 1, 2016.

The Board members were also asked for their opinion on corporate governance and the assessment of their personal contribution to the work of the Board and the committees.

The responses to the questionnaires showed that Board members were satisfied with the operation of the Board and committees and highlighted an improvement linked to the reorganization of the committees implemented following the assessment for 2015.

Board members indicated that they paid specific attention to the review and management of risks, how the Company is perceived in the marketplace and by investors and the associated strategy, as well as the review of and planning for management succession.

9.1.1.6. Restrictions on the powers of the Chief Executive Officer placed by the Board

As part of the internal rules applicable as of December 31, 2016, the Chief Executive Officer must obtain approval from the Board of Directors before carrying out any acquisition, disposal, or joint venture project representing a total asset value of over €100 million and/or with sales in excess of €300 million. These rules also state that any material transaction which is not integrated in the Company's current strategy plan will be submitted to the prior approval of the Board of Directors.

At its meeting of April 13, 2016, the Board of Directors authorized the Chief Executive Officer to grant sureties, endorsements, or guarantees within the limit of €50 million capped at €10 million

per transaction as from July 1, 2016. If the Group is required to provide advance payment guarantees or performance bonds for contracts with successive partial deliveries, the Chief Executive Officer is authorized to provide guarantees representing a maximum of €5 million per transaction.

9.1.1.7. Principles of compensation of corporate officers

The determination of fixed and variable compensation, compensation criteria, and benefits in kind granted to corporate officers as well as a comparison of compensation awarded in past years are detailed later in this Chapter 9.

9.1.1.8. Factors that could impact a public offering

The information provided by Article L. 225-100-3 of the French Code of commerce is mentioned in Sections 9.1.1, 11.3.2, and Sections 11.4.2.1 and 11.4.2.2 of this Registration Document.

9.1.1.9. Shareholder participation in Annual Shareholders' Meetings

The specific rules governing the participation of shareholders in Annual Shareholders' Meetings are described in Articles 22 and 23 of Faurecia's bylaws, which may be consulted on www.faurecia.com, and in Chapter 11 of this Registration Document.

9.1.1.10. Summary of compliance with the recommendations of the AFEP-MEDEF Code

As of the end of the 2016 fiscal year, Faurecia complied with all "comply or explain" recommendations included in the AFEP-MEDEF Code as reiterated in its application guide updated in December 2016.



9.1.2. FAURECIA'S CORPORATE OFFICERS

9.1.2.1. Information on corporate officers

COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the Board of Directors as of December 31, 2016 is provided in Section 9.1.1 above.

EXPERTISE, POSITIONS AND DIRECTORSHIPS

Corporate officer	Directorships/Positions
Yann DELABRIÈRE Mr. Yann Delabrière is Chairman of the Board of Directors since July 1, 2016. He has held various positions within the Finance departments of several major manufacturing groups. He joined the PSA Peugeot Citroën group in 1990 where he held the position of Chief Financial Officer and member of the Executive Committee from 1998 to 2007. He has been a Board member of Faurecia since November 18, 1996 and was the Chairman and Chief Executive Officer from February 16, 2007 until June 30, 2016.	Within Faurecia <ul style="list-style-type: none"> Chairman of the Board of Directors of Faurecia Outside Faurecia <p>As of December 31, 2016, Mr. Yann Delabrière also held the following directorships and positions:</p> <ul style="list-style-type: none"> Board member of Capgemini* (France) President of MM Consulting SAS (France) <p>Over the past five years, Mr. Yann Delabrière has also held the following directorships and positions, which he no longer holds:</p> <ul style="list-style-type: none"> Chairman and Chief Executive Officer of Faurecia* (France) until June 30, 2016 Board Member of Société Générale* (France) until May 18, 2016
Éric BOURDAIS DE CHARBONNIÈRE Mr. Éric Bourdais de Charbonnière joined JP Morgan in 1965, and went on to hold various positions within it. From 1987 to 1990 he was the Executive Vice-President, Head of Europe. In 1990, he joined Michelin as Chief Financial Officer, and subsequently became a member of the Group Executive Council. He was Chairman of the Supervisory Board from September 2000 until May 17, 2013.	Within Faurecia <ul style="list-style-type: none"> Board member of Faurecia Member of the Governance Committee Outside Faurecia <p>Over the past five years, Mr. Éric Bourdais de Charbonnière has also held the following positions, which he no longer holds:</p> <ul style="list-style-type: none"> Member of the Supervisory Board of ODDO et Cie (France) and member of the Audit Committee Chairman of the Supervisory Board of Michelin* (France) and member of the Audit Committee

* Listed Companies.

Corporate officer	Directorships/Positions
<p>Jean-Baptiste CHASSELOUP DE CHATILLON Mr. Jean-Baptiste Chasseloup de Chatillon is Chief Financial Officer and Chief Information Officer of the PSA Peugeot Citroën group and a member of the Management Board of Peugeot S.A.</p> <p>He has held financial and sales functions within the PSA Peugeot Citroën group since 1989.</p>	<p>Within Faurecia</p> <ul style="list-style-type: none"> • Board member of Faurecia • Member of the Governance Committee <p>Outside Faurecia</p> <p>As of December 31, 2016, Mr. Jean-Baptiste Chasseloup de Chatillon also held the following directorships and positions:</p> <ul style="list-style-type: none"> • He is currently Chief Financial Officer and Chief Information Officer of the PSA Peugeot Citroën group (France) • Member of the Executive Board of Peugeot S.A.* (France) • Board member of Automobiles Citroën (France) • Vice-Chairman and member of the Supervisory Board of Gefco (France) • Permanent representative of Peugeot S.A.*, Board member of Automobiles Peugeot (France) • Permanent representative of Automobiles Peugeot, Board member of Banque PSA Finance (France) • Vice-Chairman and Board member of PSA International S.A. (France) • Board member of Dongfeng Peugeot Citroën Automobiles Company Ltd (China) • Board member of Changan PSA Automobiles Co., Ltd (China) • Member of the Supervisory Board of Dongfeng Peugeot Citroën Automobile Sales Company, Ltd (China) • Member of the Supervisory Board of PSA (Wuhan) Management Company, Ltd (China) • Board member of IKAP (Iran) • President of CarOnWay (France) • President of Mister Auto (France) <p>Over the past five years, Mr. Jean-Baptiste Chasseloup de Chatillon has also held the following directorships and positions, which he no longer holds:</p> <ul style="list-style-type: none"> • Chairman of the Board of Directors of Banque PSA Finance (France) • President of A.S.M. Auto Sud Marché SAS (France) • Board member of Gefco (France) • Chairman of the Supervisory Board of Peugeot Finance International N.V. (Netherlands) • Board member of Peugeot Citroën Automobiles (France) • Board member of PCMA Holding B.V. (Netherlands)

* Listed Companies.

**Corporate officer****Directorships/Positions****Jean-Pierre CLAMADIEU**

Mr. Jean-Pierre Clamadieu is Chief Executive Officer of Solvay since May 8, 2012.

He was in charge of various divisions of Rhodia, also serving as its Chief Executive Officer from October 2003 to March 2008, and then as its Chairman and Chief Executive Officer until October 2011.

Within Faurecia

- Board member of Faurecia
- Chairman of the Governance Committee

Outside Faurecia

As of December 31, 2016, Mr. Jean-Pierre Clamadieu also held the following directorships and positions:

- Chief Executive Officer of Solvay S.A.* (Belgium)
- Board member of Solvay S.A.* (Belgium)
- Board member of AXA* (France)
- Board member of Solvay Finance S.A. (Luxembourg)
- Board member of Solvay Specialty Chemicals Asia Pacific Pte. Ltd (Singapore)
- Chairman of Cytec Industries, Inc. (United States)

Over the past five years, Mr. Jean-Pierre Clamadieu has also held the following directorships and positions, which he no longer holds:

- Deputy Chief Executive Officer of Solvay S.A. (Belgium) until May 8, 2012
- Chairman of the Board of Directors of Rhodia (France) until February 12, 2013
- Board member of SNCF (France) until December 31, 2012
- Member of the Supervisory Board of Solvay GmbH (Germany) until December 31, 2013
- Board member of Solvay Iberica S.L. (Spain) until September 26, 2014
- Board member of Solvay Quimica S.L. (Spain) until September 26, 2014
- Board member of Solvay America, Inc. (USA) until January 1, 2014

Odile DESFORGES

Mrs. Odile Desforges is an engineer and graduate of École Centrale de Paris. She also holds a diploma from the European Center for Executive Development (CEDEP).

She began her career in 1973 as a research analyst at the Institut de Recherche des Transports before joining Renault in 1981, where she held several positions of responsibility in planning, product development, and purchasing. Subsequently, after serving as Executive Vice-President of Renault VI/Mack and as a member of the Executive Committee with responsibility for planning, purchasing and program development from 1999 until 2001, she was appointed President of the Volvo 3P business unit of AB Volvo, where she remained until 2003. From 2003 to 2009, Mrs. Odile Desforges was a member of Renault's Management Committee and served as Head of Worldwide Purchasing for Renault/Nissan. In 2009, she was named to Renault's Executive Committee and appointed as Group Director of Engineering and Quality. She was made a Chevalier de l'Ordre National du Mérite and a Chevalier de la Légion d'Honneur by the French government.

Within Faurecia

- Board member of Faurecia
- Member of the Audit Committee

Outside Faurecia

As of December 31, 2016, Mrs. Odile Desforges also held the following directorships and positions:

- Board member of Johnson Matthey PLC (United Kingdom) since June 2013
- Board member of Dassault Systèmes* (France) since May 2013
- Board member and Chairwoman of the Audit Committee of Safran* (France) since May 2011
- Board member of Imerys* (France)

Over the past five years, Mrs. Odile Desforges has also held the following directorships and positions, which she no longer holds:

- Board member of Sequana* (France) from 2012 until May 2016
- Board member of GIE Regienov (France) until January 2013
- Board member of Renault Espana S.A. (Spain) until December 2012
- Board member of RNTBCI (India) until June 2012
- Board member of Renault Nissan B.V. (Netherlands) until June 2012

* Listed Companies.

Corporate officer	Directorships/Positions
<p>Lee GARDNER Mr. Lee Gardner is Chief Executive Officer of OEP Capital Advisors, L.P.</p> <p>For 30 years, he had various management positions in the industry, at Borg Warner Corporation and Masco Tech, Inc. before he joined One Equity Partners (OEP) in 2001, which at that time was the private investment arm of JP Morgan Chase & Co. Following a spin-off in January 2015, OEP is now an independent investment management firm called OEP Capital Advisors, L.P.</p>	<p>Within Faurecia</p> <ul style="list-style-type: none"> • Board member of Faurecia <p>Outside Faurecia</p> <p>As of December 31, 2016, Mr. Lee Gardner also held the following directorship and positions:</p> <ul style="list-style-type: none"> • Chief Executive Officer of OEP Capital Advisors, L.P. (United States) • Board member and Chairman of the Board of Directors of Strike LLC (USA) • Board member and Chairman of the Board of Directors of OEP East Balt I LP (USA) • Board member and Chairman of the Board of Directors of Anvil LLC (USA) • Member and Chairman of the Supervisory Board of Smartrac N.V. (Netherlands) <p>Over the past five years, Mr. Lee Gardner has also held the following directorships and positions, which he no longer holds:</p> <ul style="list-style-type: none"> • Board member of Precision Gear Holdings (USA)
<p>Hans-Georg HÄRTER Mr. Hans-Georg Härtter spent his entire career with the ZF group, which he joined in 1973.</p> <p>He held the position of Chairman of the Executive Board of ZF Friedrichshafen AG from January 2007 to May 2012, when he retired.</p>	<p>Within Faurecia</p> <ul style="list-style-type: none"> • Board member of Faurecia • Member of the Management Committee <p>Outside Faurecia</p> <p>As of December 31, 2016, Mr. Hans-Georg Härtter also held the following directorships and positions:</p> <ul style="list-style-type: none"> • Founder of HGH Consulting (Germany) • Member of the Supervisory Board of Klingelnberg AG (Germany) • Member of the Board of the Zeppelin University Friedrichshafen Foundation (Germany) • Member of the Board of Association Deutsche Wissenschaft e.G. (Germany) • Member of Institut Deutsche Wissenschaft (Germany) • Member of the Advisory Committee of Unterfränkische Überlandzentrale e.G. (Germany) • Board member of Axega GmbH (Germany) • Board member of Altran S.A.* (France) • Member of the Supervisory Board of Kiekert AG (Germany) • Chairman of the Supervisory Board of Knorr-Bremse AG (Germany) • Member of the Supervisory Board of Eco 1 Holding GmbH Hilite International (Germany) • Chairman of the Board of Directors of Deutz AG (Germany) <p>Over the past five years, Mr. Hans-Georg Härtter has also held the following directorships and positions, which he no longer holds:</p> <ul style="list-style-type: none"> • Chairman of the Executive Board of ZF Friedrichshafen AG (Germany) • Member of the Supervisory Board of ZF Getriebe GmbH, Saarbrücken (Germany) • Member of the Supervisory Board of ZF Lemförder GmbH, Lemförde (Germany) • Member of the Supervisory Board of ZF Passau GmbH, Passau (Germany) • Member of the Supervisory Board of ZF Sachs AG, Schweinfurt (Germany) • Member of the Supervisory Board of Verband der Automobilindustrie (VDA) (Germany)

* Listed Companies.

**Corporate officer****Directorships/Positions****Linda HASENFRATZ**

Mrs. Linda Hasenfratz has been Chief Executive Officer of Linamar Corporation since August 2002. She was also its President from April 1999 to August 2004, and its Chief Operating Officer from September 1997 to September 1999. She has been a Board member since 1998.

Within Faurecia

- Board member of Faurecia
- Chairman of the Management Committee

Outside Faurecia

As of December 31, 2016, Mrs. Linda Hasenfratz also held the following directorships and positions:

- Chief Executive Officer of Linamar Corporation (Canada)
- Board member of Linamar Corporation (Canada)
- Member of the Board of Governors, Royal Ontario Museum (Canada)
- Board member of Canadian Imperial Bank of Commerce (CIBC) (Canada)
- Chairwoman of the Business Council of Canada, formerly the Canadian Council of Chief Executives (Canada)
- Member of the Catalyst Canadian Board of Advisors (Canada)

Over the past five years, Mrs. Linda Hasenfratz has also held the following directorship and position, which she no longer holds:

- Board member of Original Equipment Suppliers Association (USA)

* Listed Companies.

Corporate officer	Directorships/Positions
<p>Patrick KOLLER Mr. Patrick Koller is Chief Executive Officer of Faurecia since July 1, 2016.</p> <p>He graduated from the <i>École Supérieure des Sciences et Technologies de l'Ingénieur de Nancy</i> (ESSTIN) and from the Institut Français de Gestion.</p> <p>He has held various management positions with several major manufacturing groups (Valeo, Rhodia).</p> <p>In 2006, he joined the Faurecia group as Executive Vice-President of the Faurecia Automotive Seating Business Group (renamed Faurecia Seating), a position he held until February 2, 2015. During this period, he held various offices within the Group's subsidiaries.</p> <p>On February 2, 2015 he was appointed Deputy Chief Executive Officer and Chief Operating Officer, a position he held until June 30, 2016.</p>	<p>Within Faurecia</p> <ul style="list-style-type: none"> • Chief Executive Officer <p>Over the past five years, Mr. Patrick Koller has also held the following directorships and positions within the Faurecia group, which he no longer holds:</p> <ul style="list-style-type: none"> • Deputy Chief Executive Officer and Chief Operating Officer until June 30, 2016 • Vice-Chairman of the Board of Directors of Faurecia (China) Holding Co., Ltd (China) until March 12, 2015 • General Manager of Faurecia Components Pisek, S.r.o. (Czech Republic) until April 21, 2015 • General Manager of Faurecia Plzen (Czech Republic) until April 21, 2015 • Member of the Supervisory Board of Faurecia Automotive GmbH (Germany) until May 31, 2015 • Representative of Faurecia Investments, Board member and Vice-Chairman of the Board of Directors of Faurecia Azin Pars Company (Iran) until September 15, 2015 • Member of the Board of Directors of Faurecia NHK Co., Ltd (Japan) until April 28, 2015 • Member of the Supervisory Board of Faurecia Automotive Polska S.A. (Poland) until March 30, 2015 • Chairman of the Supervisory Board of Faurecia Walbrzych S.A. (Poland) until March 30, 2015 • Chairman of the Supervisory Board of Faurecia Grojec R&D Center S.A. (Poland) until March 30, 2015 • Chairman and Chief Executive Officer of Faurecia Asientos Para Automovil Espana, S.A. (Spain) until November 30, 2015 • Vice-Chairman of the Board of Directors of Teknik Malzeme Ticaret Ve Sanayi Anonim Sirketi (Turkey) until March 26, 2015 • General Manager of Faurecia Automotive Seating, LLC (USA) until March 4, 2015 • Board member of Faurecia Madison Automotive Seating, Inc. (USA) until March 2, 2015 • Board member of Faurecia Automotive Seating UK Limited (UK) until September 16, 2014 • Board member of Orcia Otomotiv Yan Sanayi Ve Anonim Sirketi (Turkey) until June 2, 2014 • Vice-Chairman of the Board of Directors of Faurecia (Shanghai) Management Co., Ltd (China) until November 1, 2013 • Vice-Chairman of the Board of Directors of BFTC Bertrand Faure Teknik Oto Yan Sanayi Ve Ticaret A.S. (Turkey) until June 30, 2012

* Listed Companies.

**Corporate officer****Directorships/Positions****Olivia LARMARAUD**

Mrs. Olivia Larmaraud is PSA Peugeot Citroën's Head of Consolidation and Accounting Standards since 2002.

She is a certified public accountant and earned an MSTCF (a Master's degree in accounting and finance) from *Université Paris-Dauphine*. She also holds a Company Director Certificate, awarded by the *Institut Français des Administrateurs* and the *Institut d'Études Politiques* in 2013.

She began her career at Deloitte, where she worked for three years as an external auditor. She followed this position with another three-year stint at Compagnie Générale des Eaux as a member of the consolidation team before joining Sanofi, where she served as a financial controller for eight years. Since 1995, she has been working within the Finance department of the PSA Peugeot Citroën group, where she was promoted to the rank of senior manager in 2008.

Within Faurecia

- Board member of Faurecia
- Member of the Audit Committee

Outside Faurecia

As of December 31, 2016, Mrs. Olivia Larmaraud also held the following directorships and positions:

- Head of Consolidation and Accounting Standards of PSA Peugeot Citroën* (France)
- Board member and Chairwoman of the Audit Committee of SNEF (France) since July 2015
- Board member of ACTEO (France) since 2008
- Member of the International Standards Committee of ANC (*Autorité des Normes Comptables*) since 2010
- Member of the Global Preparer Forum of the International Accounting Standards Board since 2008

Over the past five years, Mrs. Olivia Larmaraud has not held any directorships and positions that she no longer holds.

* Listed Companies.

Corporate officer	Directorships/Positions
<p>Ross McINNES Mr. Ross McInnes is Chairman of the Board of Directors of Safran.</p> <p>He mainly held the position of Chief Financial Officer of Eridania Beghin-Say from 1991 to 2000. He became a Board member in the Company in 1999. He joined Thomson-CSF (Thalès) in 2000, as Assistant Chief Executive Officer and Chief Financial Officer, before joining the PPR group in 2005, as Chief Executive Officer in charge of Finance and Strategy. From 2007 to 2009 he held the position of Vice-Chairman of Macquarie Capital Europe. In March 2009, Mr. Ross McInnes joined the Safran group as Advisor to the Chairman of the Executive Board. He then became Chief Financial Officer in June 2009. He was a member of the Executive Board from July 2009 to April 2011.</p> <p>On April 21, 2011 he was appointed Deputy Chief Executive Officer in charge of Economic and Financial Affairs by the Board of Directors of Safran, a position he held until April 23, 2015. At its meeting of April 23, 2015, the Board of Directors of Safran appointed him as Chairman.</p> <p>In February 2015 he was appointed Special Representative for Economic Relations with Australia by the Minister of Foreign Affairs and International Development.</p> <p>In November 2016 he was appointed "Ambassador" of the Single Window, which aims to help foreign companies set up business in Ile-de-France in the context of boosting France's attractiveness, by the Prime Minister.</p> <p>In November 2016, upon the recommendation of the AFEP and the MEDEF, he was also appointed a member of the French High-Level Corporate Governance Committee (set up by the AFEP and the MEDEF to monitor the application of the Code of Corporate Governance for listed companies).</p>	<p>Within Faurecia</p> <ul style="list-style-type: none"> • Board member of Faurecia • Chairman of the Audit Committee <p>Outside Faurecia</p> <p>As of December 31, 2016, Mr. Ross McInnes also held the following directorships and positions:</p> <ul style="list-style-type: none"> • Chairman of the Board of Directors of Safran* (France) • Board member and Chairman of the Audit Committee of Eutelsat Communications* (France) • Non-executive Director and Chairman of the Audit Committee of IMI Plc* (UK) <p>Over the past five years, Mr. Ross McInnes has also held the following directorships and positions, which he no longer holds:</p> <ul style="list-style-type: none"> • Deputy Chief Executive Officer, Economic and Financial Affairs of Safran* (France) • Board member of Financière du Planier (France) • Board member of Messier-Bugatti-Dowty (France), Safran group • Board member of Aircelle (France), Safran group • Board member of Morpho (France), Safran group • Board member of Snecma (France), Safran group • Board member of Turbomeca (France), Safran group • Board member of Vallaroche Conseil (France), Safran group • Board member of Sagem Défense Sécurité (France), Safran group • Permanent representative on the Board of Directors of Établissements Vallaroche (France) (company represented: Safran), Safran group • Permanent representative on the Board of Directors of Soreval (Luxembourg) (company represented: Établissements Vallaroche), Safran group • Board member of Safran USA, Inc. (USA), Safran group • Board member of Limoni SpA (Italy) • Board member of Globe Motors, Inc. (USA) • Permanent representative on the Board of Directors of Générale de Santé S.A.* (France) (company represented: Santé Europe Investissements Sarl) • Member of the Audit Committee of Générale de Santé S.A.* (France) • Permanent representative on the Board of Directors of Santé S.A. (Luxembourg) (company represented: Santé Europe Investissements Sarl)

* Listed Companies.

**Corporate officer****Directorships/Positions****Amparo MORALEDA**

Mrs. Amparo Moraleda is an engineering graduate from ICAI (Escuela Técnica Superior de Ingeniería Industrial) in Madrid and has an MBA from the Madrid IESE Business School.

From January 2009 to February 2012, she was Chief Operating Officer – International Division of Iberdrola S.A., one of the main producers of renewable energy worldwide.

From 1988 to 2008, she held various positions at the IBM group, which she joined as Systems Engineer. From June 2001 to June 2005, she was, most notably, General Manager of IBM Spain and Portugal. Between June 2005 and December 2008, she was General Manager of IBM for Spain, Portugal, Greece, Israel and Turkey.

In December 2015, she became a member of the Spanish Royal Academy of Economic and Financial Sciences.

Within Faurecia

- Board member of Faurecia
- Member of the Governance Committee

Outside Faurecia

As of December 31, 2016, Mrs. Amparo Moraleda also held the following directorships and positions:

- Member of the Supervisory Board of CSIC (Consejo Superior de Investigaciones Científicas) (Spain)
- Member of the Board of Directors of Solvay S.A.* (Belgium)
- Member of the Board of Directors of Airbus Group S.E.* (Netherlands)
- Member of the Board of Directors of CaixaBank S.A.* (Spain)
- Member of the Advisory Board of KPMG in Spain and Portugal
- Member of the Advisory Board of SAP in Spain and Portugal
- Member of the Advisory Board of Spencer Stuart (Spain)
- Member of the Spanish Royal Academy of Economic and Financial Sciences.

Over the past five years, Mrs. Amparo Moraleda has also held the following directorships and positions, which she no longer holds:

- Member of the Board of Directors of Meliá Hotels International S.A.* (Spain)
- Member of the Board of Directors of Alstom S.A.* (France)
- Member of the Board of Directors of Corporación Financiera Alba S.A.* (Spain)
- Chief Operating Officer – International Division of Iberdrola S.A.* (Spain)
- Member of the Board of Directors of Acerinox S.A.* (Spain)

* Listed Companies.

Corporate officer	Directorships/Positions
<p>Robert PEUGEOT Mr. Robert Peugeot is Chairman and Chief Executive Officer of FFP. Robert Peugeot studied at the École Centrale de Paris and INSEAD. He has held various senior positions within the PSA Peugeot Citroën group, and was a member of the Group Executive Committee from 1998 to 2007, in charge of Innovation and Quality. He is a permanent representative of FFP on the Supervisory Board of Peugeot S.A., a member of the Finance and Audit Committee and chairs the Strategy Committee. He has been Chairman and Chief Executive Officer of FFP since February 2002.</p>	<p>Within Faurecia</p> <ul style="list-style-type: none"> • Board member of Faurecia • Member of the Management Committee <p>Outside Faurecia</p> <p>As of December 31, 2016, Mr. Robert Peugeot also held the following directorships and positions:</p> <ul style="list-style-type: none"> • Chairman and Chief Executive Officer and Chairman of the Investments and Holdings Committee of FFP S.A.* (France) • Permanent representative of FFP S.A.* on the Supervisory Board, Chairman of the Strategy Committee and member of the Finance and Audit Committee of Peugeot S.A.* (France) • Member of the Supervisory Board, the Audit Committee and the Compensation, Appointments and Governance Committee of Hermès International S.C.A.* (France) • Board member and Chairman of the Audit Committee of Établissements Peugeot Frères S.A. (France) • Board member and Chairman of the Compensation and Appointments Committee of Sofina S.A.* (Belgium) • Board member and member of the Appointments and Compensation Committee of DKSH S.A.* (Switzerland) • Board member of Tikehau Capital Advisors SAS (France) • Permanent representative of FFP Invest SAS, Chairman and member of the Supervisory Board of Financière Guiraud SAS (France) • General Manager of SC Rodom • General Manager of Sarl CHP Gestion • Permanent representative of FFP S.A.*, President of FFP Invest SAS (France) • Permanent representative of FFP Invest SAS on the Board of Directors and Chairman of the Appointments and Compensation Committee of Sanef S.A. (France) <p>Over the past five years, Mr. Robert Peugeot has also held the following directorships and positions, which he no longer holds:</p> <ul style="list-style-type: none"> • Member of the Supervisory Board, Chairman of the Strategy Committee and member of the Finance and Audit Committee of Peugeot S.A.* (France) • Member of the Supervisory Board of IDI Emerging Markets S.A. (Luxembourg) • Permanent representative of FFP Invest SAS on the Supervisory Board and member of the Audit Committee of Zodiac Aerospace* (France) • Board member and Chairman of the Appointments and Compensation Committee of Sanef (France) • Board member and member of the Strategy, Appointments and Compensation Committee of Imerys* (France) • Board member and member of the Compensation and Strategy Committee of Holding Reinier SAS (France) • Permanent representative of FFP Invest on the Supervisory Board of IDI Emerging Markets S.A. (Luxembourg)

* Listed Companies.

**Corporate officer****Directorships/Positions****Michel DE ROSEN**

Mr. Michel de Rosen is Chairman of the Board of Directors of Eutelsat Communications S.A.

He is a graduate of the *École des Hautes Études Commerciales* (HEC) and the *École Nationale d'Administration* (ENA).

Over the course of his career, he has successively held positions first as a senior public official and then as a senior executive at companies in France and the United States.

He began his career at the Inspectorate General of Finance (IGF), a division of the French Ministry of Finance. He was an advisor to the French Minister of Defense between 1980 and 1981 and served as Chief of Staff for the French Minister for Industry and Telecommunications from 1986 to 1988.

Within the Rhône-Poulenc group, he served as Chief Executive Officer of Pharmuka from 1983 to 1986 and of Rhône Poulenc Fibres et Polymères from 1988 to 1993, after which he was Chief Executive Officer and then Chairman and Chief Executive Officer of Rhône Poulenc Rorer in the United States and in France and of Rhône Poulenc Santé from 1993 to 1999. In 2000, Mr. Michel de Rosen was named Chairman and Chief Executive Officer of the US company ViroPharma. He became Chairman and Chief Executive Officer of SGD in 2008, before joining Eutelsat in 2009.

On July 1, 2009, Mr. Michel de Rosen was appointed as Deputy Chief Executive Officer of Eutelsat and then as Chief Executive Officer and Board member on November 9 of the same year. From September 2013 to February 2016, he was Chairman and Chief Executive Officer. Since March 1, 2016, Mr. Michel de Rosen has been Chairman of the Board of Directors.

Within Faurecia

- Board member of Faurecia
- Member of the Management Committee

Outside Faurecia

As of December 31, 2016, Mr. Michel de Rosen also held the following directorships and positions:

- Chairman of the Board of Directors of Eutelsat Communications S.A.* (France)
- Chairman of the Board of Directors of Pharnext S.A.* (France)
- Board member of ABB Ltd* (Switzerland)

Mr. Michel de Rosen's term of office as Board member of ABB Ltd will expire at the end of that company's Annual Shareholders' Meeting scheduled for April 13, 2017.

Over the past five years, Mr. Michel de Rosen has also held the following position, which he no longer holds:

- Chairman and Chief Executive Officer of Eutelsat Communications S.A.* (France) until February 29, 2016

* Listed Companies.

Corporate officer	Directorships/Positions
Bernadette SPINOY Mrs. Bernadette Spinoy is Head of HSE, Total S.A. She has a Master of Science in Business Engineering from the University of Louvain-La-Neuve in Belgium. She began her career with the Belgian PetroFina group in 1985 and since 1999 she has held various positions with Total group, in the areas of supply and refining of petroleum products, logistics and marketing of natural gas, and petrochemicals. Over the course of her career, she switched between positions responsible for internationally active business units such as styrene, base chemicals and East Refining & Chemicals and positions in cross-divisional units such as strategy, purchasing, management control and HSE.	Within Faurecia <ul style="list-style-type: none"> • Board member of Faurecia • Member of the Audit Committee Outside Faurecia <p>As of December 31, 2016, Mrs. Bernadette Spinoy also held the following directorships and positions:</p> <ul style="list-style-type: none"> • Head of HSE, Total S.A.* (France) • Member of the Group Performance Committee, Total S.A.* (France) • Board member of Fondation Total (France) • Board member of Etex (Belgium) <p>Over the last five years, Mrs. Bernadette Spinoy held the following positions, which she no longer holds:</p> <p><i>In 2016</i></p> <ul style="list-style-type: none"> • Board member of ICSI (Institut pour une culture de sécurité industrielle) (France) • Board member of the Fondation FONCSI (Fondation pour une culture de sécurité industrielle) (France) <p><i>From 2012 to 2014</i></p> <ul style="list-style-type: none"> • Board member, Vice-President and Chairman of the Compensation Committee of Satorp** (Saudi Arabia) • Board member of Qapco** (Qatar) • Board member of Qatofin** (Qatar) • Board member and member of the Compensation Committee of STC** (Samsung Total Chemicals) (Korea)
** Unlisted joint ventures in which the Total group has a stake.	
Carlos TAVARES Mr. Carlos Tavares is Chairman of the Executive Board of Peugeot S.A. He graduated from the <i>École Centrale de Paris</i> . He held various senior positions in the Renault group between 1981 and 2004 before joining the Nissan group. After being Operations Manager for Nissan in the Americas, he was appointed Deputy Chief Executive Officer and Chief Operating Officer by the Renault group from 2011 to 2013. Since January 1, 2014, he has joined the Executive Board of Peugeot S.A. and holds the position of Chairman of the Executive Board since March 31, 2014.	Within Faurecia <ul style="list-style-type: none"> • Board member of Faurecia Outside Faurecia <p>At December 31, 2016, Mr. Carlos Tavares also held the following directorships and positions:</p> <ul style="list-style-type: none"> • Chairman of the Executive Board of Peugeot S.A.* • President of Fondation PSA • Board member of Banque PSA Finance • Chairman of the Board of Directors of Peugeot Citroën Automobiles S.A. • Board member of Airbus Group SE* <p>Over the past five years, Mr. Carlos Tavares has also held the following directorships, which he no longer holds:</p> <ul style="list-style-type: none"> • Deputy Chief Executive Officer and Chief Operating Officer of Renault and member of the Executive Board of Alliance Renault-Nissan • Board member of Renault-Nissan B.V. • Board member of PCMA Holding B.V. until October 2014 • Board member of Avtovaz • Board member and Chairman of the Strategy Committee of Alpine-Caterham • Chairman of Management Committee of Nissan Americas • Executive Vice-President of Nissan Motor Company • General Manager of a micro-enterprise for the management of a "Bed & Breakfast" type unit in Lisbon

* Listed Companies.



CORPORATE OFFICERS' SHAREHOLDINGS

Pursuant to the bylaws, each Board member must hold at least 20 Faurecia shares throughout his or her term of office.

Furthermore the internal rules of the Board of Directors, as amended by the Board at its meeting of December 21, 2016 upon the recommendation of the Governance Committee which met on the same date, provides that each Board member must

hold 500 shares in the Company, including 20 shares provided for in the bylaws, during the entire term of their corporate office.

However, Board members receiving no attendance fees are only required to hold the 20 statutory shares.

As of December 31, 2016, corporate officers held the following interests on the basis of a capital stock of €966,250,607 divided into 138,035,801 shares representing 202,307,063 theoretical voting rights and 201,499,847 exercisable voting rights.

	Number of shares	Percentage of capital stock	Number of voting rights	Percentage of theoretical voting rights	Percentage of exercisable voting rights
Éric BOURDAIS					
DE CHARBONNIÈRE	100	0.00%	200	0.00%	0.00%
Jean-Baptiste CHASSELOUP					
DE CHATILLON	20	0.00%	40	0.00%	0.00%
Jean-Pierre CLAMADIEU	364	0.00%	728	0.00%	0.00%
Yann DELABRIÈRE	73,858	0.05%	117,802	0.06%	0.06%
Odile DESFORGES	100	0.00%	100	0.00%	0.00%
Lee GARDNER	100	0.00%	200	0.00%	0.00%
Hans-Georg HÄRTER	726	0.00%	1,452	0.00%	0.00%
Linda HASENFRATZ	100	0.00%	200	0.00%	0.00%
Patrick KOLLER*	14,950	0.01%	29,900	0.01%	0.01%
Olivia LARMARAUD	20	0.00%	20	0.00%	0.00%
Ross McINNES	100	0.00%	200	0.00%	0.00%
Amparo MORALEDA	2,000	0.00%	2,000	0.00%	0.00%
Robert PEUGEOT	100	0.00%	200	0.00%	0.00%
Michel DE ROSEN	100	0.00%	100	0.00%	0.00%
Bernadette SPINOY	1,000	0.00%	1,000	0.00%	0.00%
Carlos TAVARES	20	0.00%	40	0.00%	0.00%
TOTAL	93,658	0.06%	154,182	0.07%	0.07%

* It should be noted that Mr. Patrick Koller is not currently a Board member.

CONFLICTS OF INTEREST

The internal rules of the Board of Directors stipulate that each Board member must inform the Board of any situation of conflict of interest, even potential, relating to issues mentioned in the agenda and draw conclusions therefrom with regard to their term of office. Thus, depending on the case, he should either abstain from participating in deliberations concerning him, or not attend the Board meetings during the time he finds himself in a situation of conflict of interest, or resign from the Board membership.

No such situations arose in 2016.

Thus, to the best of the Company's knowledge and as of the date of drafting of this document, no conflicts of interest had been identified between the duties of each member of the Board of Directors and of Executive Management vis-à-vis the Company in their capacity as corporate officers and their personal interests or other duties.

To the best of the Company's knowledge and as of the date of drafting of this document, there were no arrangements or agreements concluded with major shareholders, customers or suppliers resulting in a member of the Board of Directors or Executive Management being appointed in that capacity.

To the best of the Company's knowledge and as of the date of drafting of this document, no restriction has been agreed to by

members of the Board of Directors or of Executive Management regarding the disposal of their interests in the Company's capital stock.

Aside from regulated agreements, which are the subject of a report to the General Meeting, no service agreement has been entered into between a member of the Board of Directors and Faurecia or any of its subsidiaries.

The Statutory Auditors' special report on regulated agreements and commitments can be found in Section 12.5.1 of this Registration Document.

TRANSACTIONS IN THE COMPANY'S SECURITIES BY CORPORATE OFFICERS

By the Board of Directors' decision of April 14, 2010, the Company established a Code of Conduct for Group employees and executives who have access to insider information by virtue of their positions and offices, with provisions on the management, ownership and disclosure of such information.

This Code was amended by the Board of Directors at its meeting of February 8, 2017 to take into account Regulation (EU) No. 596/2014 of April 16, 2014 on market abuse, effective July 3, 2016.

Under the measures to prevent insider trading within the Group the Code provides, among others, for blackout periods that require corporate officers to refrain from trading in Faurecia shares during certain periods surrounding the publication

of interim results, annual results and quarterly sales. These periods are defined as follows:

- from the date of the annual December meeting of the Company's Board of Directors up to and including the third day following the announcement of Faurecia's annual results;
- within 30 calendar days prior to the announcement of interim results and up to and including the third day following the announcement;
- within 15 calendar days prior to the publication of quarterly sales and up to and including the third day following the publication.

The Code also describes the disclosure requirements for securities transactions, which apply to persons with managerial responsibilities within the meaning of the EU Regulation and to persons closely associated with them, and lists the transactions to be disclosed since the Regulation entered into force.

It points out the existence of a compliance officer ("déontologue") in the person of the Group Chief Financial Officer who, if there is doubt about the type of the planned transaction, will be responsible for issuing an opinion thereon.

It mentions the corporate officers' obligation to hold shares in registered form.

Lastly, more generally, it lists the sanctions for insider trading or disclosure of insider information, with particular reference to Law No. 2016-1691 of December 9, 2016 on Transparency, the Fight against Corruption and Economic Modernization.

The following transactions were carried out by corporate officers in 2016:

Declarant	Reference and date of the AMF decision/notice	Financial instrument	Type of transaction	Date of transaction	Date of receipt	Transaction venue	Unit price	Amount of transaction
Amparo MORALEDA	2016DD416085 of February 23, 2016	Equities	Sale	February 16, 2016	February 23, 2016	Euronext Paris	€28.71	€24,238.82
Amparo MORALEDA	2016DD416084 of February 23, 2016	Equities	Acquisition	February 16, 2016	February 23, 2016	Euronext Paris	€28.60	€28,761.10
Odile DESFORGES	2016DD434869 of June 8, 2016	Equities	Acquisition	June 7, 2016	June 8, 2016	Euronext Paris	€35.45	€3,596.75
Olivia LARMARAUD	2016DD437853 of June 28, 2016	Equities	Acquisition	June 13, 2016	June 28, 2016	Euronext Paris	€33.16	€663.20

Mr. Michel de Rosen, appointed Board member by the Annual General Meeting of May 27, 2016, also purchased 100 shares in 2016 to comply with the statutory shareholding requirements.



OTHER INFORMATION ON CORPORATE OFFICERS

There are no family ties between Faurecia's corporate officers.

No Board member has been convicted of any fraudulent offense, none has managed a company that has filed for bankruptcy or gone into receivership or liquidation in the past five years, and none has received a definitive official public incrimination and/or sanction by statutory or regulatory authorities (see the information relating to the ongoing procedure involving the AMF, contained in Section 4.3.1. of this Registration Document).

None of them has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of an issuer in the past five years.

BOARD MEMBERS' COMPENSATION

Board members' compensation is paid in the form of attendance fees allocated by the Board of Directors. On May 27, 2015, the maximum annual amount of attendance fees was set at €600,000 by the Ordinary General Meeting. It is distributed freely by the Board of Directors.

At its meeting of April 14, 2010, the Board decided that as of January 1, 2010:

- the Chairman and Chief Executive Officer shall waive all attendance fees for his participation in Board or committee meetings;
- Board members holding Executive Management in a company that is a shareholder of the Group do not receive any attendance fees in respect of their position on Faurecia's Board of Directors.

In addition, at its meeting of April 13, 2016, the Board of Directors changed the fee schedule that it had set on December 18, 2013. The new schedule, which has been applied to attendance fees due as from the fiscal year 2016, is as follows:

(in €)	Fixed attendance fee	Variable attendance fee
Board of Directors	12,000	3,000
Committees		
• Member	10,000	2,500
• Chairman	15,000	3,500

It should be noted that at its meeting of December 21, 2016, the Board of Directors voted in favor of the allocation of additional attendance fees per Board meeting to attending non-European

Board members as reimbursement for inter-continental travel expenses, effective as from the Annual General Meeting of 2017.

Board members received gross attendance fees in respect of 2015 and 2016 in the amounts detailed in the table below:

Attendance fees

TABLE 3 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

Board members (gross amounts in €)	Amount of attendance fees paid in 2015	Of which variable portion paid in 2015	Amount of attendance fees paid in 2016	Of which variable portion paid in 2016
Éric BOURDAIS DE CHARBONNIÈRE	42,000	20,000	49,500	27,500
Jean-Baptiste CHASSELOUP DE CHATILLON	0	0	0	0
Jean-Pierre CLAMADIEU	44,000	22,000	59,500	32,500
Yann DELABRIÈRE	0	0	0	0
Odile DESFORGES	-	-	33,500	11,500
Lee GARDNER	40,000	18,000	27,000	15,000
Hans-Georg HÄRTER	37,600	15,600	42,000	20,000
Linda HASENFRATZ	42,000	20,000	53,500	26,500
Olivia LARMARAUD	-	-	0	0
Ross McINNES	39,600	17,600	58,400*	31,400
Amparo MORALEDA	44,000	22,000	49,500	27,500
Robert PEUGEOT	42,000	20,000	49,500	27,500
Thierry PEUGEOT	40,000	18,000	18,000	6,000
Michel DE ROSEN	-	-	36,000	14,000
Bernadette SPINOY	42,000	20,000	47,000	25,000
Carlos TAVARES	0	0	0	0
TOTAL	413,200	193,200	523,400	264,400

* Of which €2,400 corresponding to the variable fee due for the Board meeting of April 14, 2015.

It should be noted that Mr. Patrick Koller is not a Board member.

Board members are not entitled to any termination benefits or deferred compensation for the loss of their corporate office.

The company controlling Faurecia, Peugeot S.A., paid fixed and variable compensation as well as benefits in kind to the following officers who also hold a corporate office within Faurecia:

In 2016, Mr. Carlos Tavares received fixed compensation of €1,300,000 as Chairman of Peugeot S.A.'s Executive Board. A total variable compensation of €2,016,618 is payable to him for 2016.

In 2016, Mr. Jean-Baptiste Chasseloup de Chatillon received €618,000 as fixed compensation.

A total variable compensation of €698,236 is payable to him for the same year.

In his capacity as the permanent representative of FFP on the Supervisory Board of Peugeot S.A., Mr. Robert Peugeot received a total of €75,000 (€40,000 as attendance fees and €35,000 for his attendance at committee meetings) in 2016.

No compensation other than the attendance fees mentioned above was paid to any of its Board members by Faurecia or its subsidiaries during the past year.



9.1.2.2. Information on executive corporate officers

At its meeting of July 23, 2015, the Board of Directors decided to segregate the duties of the Chairman of the Board of Directors and the Chief Executive Officer, in compliance with Article 17 of the Company's bylaws. At its meeting of April 13, 2016, the Board of Directors further decided that Mr. Yann Delabrière would serve as Chairman of the Board and Mr. Patrick Koller as Chief Executive Officer as from July 1, 2016.

Mr. Yann Delabrière has been the Chairman of the Board of Directors since July 1, 2016 and Mr. Patrick Koller has served as Chief Executive Officer since that date.

In 2016, the year in which the Company segregated the duties of the Chairman of the Board of Directors and the Chief Executive Officer effective July 1, 2016, the annual compensation for executive corporate officers was calculated prorata temporis based on the date on which their new duties took effect.

RESTRICTIONS ON THE POWERS OF THE CHIEF EXECUTIVE OFFICER PLACED BY THE BOARD

This information can be found in Section 9.1.1.6 of this Registration Document.

COMPENSATION OF EXECUTIVE AND NON EXECUTIVE CORPORATE OFFICERS

Principles and criteria for determining, allocating and awarding executive compensation

The principles and criteria for determining, allocating and awarding compensation to executive and non executive corporate officers are detailed for each officer concerned in the explanatory notes to the resolutions included in Chapter 12 of this Registration Document.

These elements will be submitted for shareholder approval in application of paragraph 1 of Article L. 225-37-2 of the French Code of commerce resulting from Law No. 2016-1691 of December 9, 2016 on Transparency, the Fight against Corruption and Economic Modernization.

Mr. Yann Delabrière's compensation

Chairman and Chief Executive Officer until June 30, 2016
Chairman of the Board of Directors since July 1, 2016

The components of Mr. Yann Delabrière's compensation due or received for the year ended December 31, 2016, which are subject to the opinion of the shareholders pursuant to the recommendation of paragraph 26 § 1 of the AFEP-MEDEF Corporate Governance Code of listed corporations of November 2016 are detailed in the explanatory notes to the resolutions included in Chapter 12 of this Registration Document.

Fixed compensation for 2016 as Chairman and Chief Executive Officer

By the Board of Directors' decision of February 11, 2015, Mr. Yann Delabrière's annual fixed compensation as Chairman and Chief Executive Officer was increased to €800,000 as from 2015. The amount has been maintained by the Board of Directors' decision of February 10, 2016.

The 2015 increase from €700,000 to €800,000 was decided upon on the following grounds:

- a review of the situation of a representative sample of listed manufacturers comparable to Faurecia revealed a significant discrepancy (more than 10%) compared to the fixed compensation paid to Mr. Delabrière;
- Mr. Yann Delabrière's fixed compensation had remained unchanged since 2011;
- the 2014 financial results reflected the implementation of a medium- and long-term strategy for Faurecia and a structure that suits this strategy.

Fixed compensation for 2016 as Chairman of the Board of Directors

As from July 1, 2016, the date on which the duties of the Chairman and the Chief Executive Officer were segregated, Mr. Yann Delabrière's annual fixed compensation as Chairman of the Board of Directors was set at €300,000 by the Board of Directors' decision of July 25, 2016.

This compensation was established with reference to a compensation analysis conducted by an external consulting firm based on a sample of French listed companies with a segregated governance structure, and by taking into account Mr. Yann Delabrière's responsibilities as Chairman of the Board of Directors.

Variable compensation for 2016 as Chairman and Chief Executive Officer

At its meeting of February 10, 2016 the Board laid down the rules for determining Mr. Yann Delabrière's variable compensation for 2016 as Chairman and Chief Executive Officer.

The Board decided that Mr. Yann Delabrière's total variable compensation would range from 0 to 180% of his annual fixed compensation according to the achievement of quantitative and qualitative targets.

The achievement of quantitative targets gives right to a variable compensation ranging from 0 to 150% of his annual fixed compensation.

The quantitative targets set by the Board of Directors on February 10, 2016 are linked to the operating income and free cash flow:

- the operating income set by reference to the 2016 budget will give right to a variable compensation ranging from 0 to 150% (maximum percentage) of the fixed compensation. The operating income will be taken into account for 40%;
- the free cash flow set by reference to the 2016 budget will give right to a variable compensation ranging from 0 to 150% (maximum percentage) of the fixed compensation. The free cash flow will be taken into account for 60%.

The expected levels of achievement of these targets were set by the Board of Directors with reference to the 2016 budget but are not made public for confidentiality reasons.

At the same meeting and in addition to these quantitative targets, the Board of Directors defined qualitative targets:

- (i) the execution of the strategy decided upon by the Board of Directors in October 2015 (50% weighting for this criterion) i.e. ensuring the development of Faurecia's technological capacities through a combination of organic and external growth; selecting and finalizing potential acquisitions ensuring increased technological capacity and creating value for shareholders; increasing investment in start-ups; and
- (ii) the execution of the development plans for Asia as presented to the Board of Directors at its December 2015 meeting (50% weighting for this criterion being associated with key

indicators in relation, in particular, to levels of achievement of operating income and sales) i.e. adjusting Faurecia in China to so-called *New Normal* conditions with a cost structure compatible with the cost positioning of Chinese OEMs, fulfilling the ambitions of international OEMs; securing long-term profitability; developing partnerships with four major Chinese OEMs; rolling out a new method of organization in South Korea and business activities with HKMC; defining and executing the strategy in Japan and in South-East Asia.

Once all or part of the quantitative targets are achieved, the level of achievement of the qualitative targets will determine a multiplier effect of the achievement of 0.70 to 1.20 of the quantitative targets.

Therefore, if the achievement of the quantitative targets is equal to 0, the multiplier effect of the qualitative targets will not be taken into account.

On February 8, 2017, on the recommendation of the Management Committee which met on February 1, 2017 and by applying the principles described above, the Board of Directors set Mr. Yann Delabrière's 2016 variable compensation as Chairman and Chief Executive Officer for the period from January 1 to June 30, 2016 as follows:

Yann DELABRIÈRE	Weighting of targets	Maximum target (%)	Achieved target (%)	Corresponding amount in €
Quantitative targets	Operating income	40%	150%	141% €225,600
From 0 to 150% of 100% of the annual fixed compensation* if the levels of achievement of these targets set with reference to the 2016 budget are reached	Free cash flow	60%	150%	140% €336,000
	TOTAL QUANTITATIVE TARGETS	100%	150%	140.4% €561,600
Qualitative targets	Execution of strategy	50%	120%	100% €0
Multiplier effect (ranging from 0.70 to 1.20) of the achievement of quantitative targets, which may increase or decrease variable compensation	Execution of development plans for Asia**	50%	120%	120% €56,160
	TOTAL QUALITATIVE TARGETS	100%	120%	110% €56,160
TOTAL VARIABLE COMPENSATION FROM JANUARY 1 TO JUNE 30, 2016		-	180%	154.44% €617,760

* Mr. Yann Delabrière received fixed compensation of €400,000 for the period from January 1 to June 30, 2016.

** This target is supplemented by key indicators, notably linked to the level of achievement of operating income and sales that are not made public for confidentiality reasons.

As regards the execution of the strategy, the Board of Directors of February 8, 2017 highlighted the 2016 achievements especially the creation of a team dedicated to the Cockpit of the Future project and the launch of pre-development activities with four customers; the materialization of investments with the announcement of a strategic partnership with Parrot Automotive, the acquisition of a majority interest in Amminex and investments in various start-ups, including the Finnish company Tactotek.

As regards the execution of the development plans for Asia, the Board of Directors of February 8, 2017, formally noted the sharp rise in business in South Korea, the introduction of a new method of organization in Japan, the implementation of so-called *New Normal* conditions for the three Business Groups in China as well as the amount of new contracts with Chinese OEMs and levels of operating income in Asia that were higher than the targets.



Fixed compensation for 2017 as Chairman of the Board of Directors

By the Board of Directors' decision of July 25, 2016, Mr. Yann Delabrière's annual fixed compensation as Chairman of the Board of Directors was set at €300,000 as from July 1, 2016.

On the recommendation of the Governance Committee, which met on February 6, 2017, the Board of Directors maintained Mr. Yann Delabrière's fixed compensation for 2017 as Chairman of the Board of Directors at €300,000 in its meeting of February 8, 2017.

Other components of compensation

- As from July 1, 2016 Mr. Yann Delabrière no longer receives variable compensation.

- Having waived any compensation in his capacity as Board member, Mr. Yann Delabrière received no attendance fees for 2016.
- Mr. Yann Delabrière did not receive any company stock options in 2016.
- Mr. Yann Delabrière did not receive any performance shares in 2016.

At its meeting of April 13, 2016, on the recommendation of the Appointments and Compensation Committee of April 6, 2016 and by applying the rules of Performance Share Plans No. 5, 6 and 7, the Board of Directors decided to maintain the benefits of those plans awarded to Mr. Yann Delabrière who exercised his rights to retirement on July 1, 2016.

SUMMARY OF THE COMPENSATION, OPTIONS AND SHARES ALLOTTED TO MR. YANN DELABRIÈRE

TABLE 1 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

(in €)	2015	2016
Compensation for the year (see Table 2)	2,187,371.64	1,175,131.60
Value of stock options granted during the year (see Table 4)	-	-
Value of performance shares granted during the year (see Table 6)	1,985,069	-
Value of other long-term compensation plans	-	-
TOTAL	4,172,440.64	1,175,131.60

SUMMARY OF MR. YANN DELABRIÈRE'S COMPENSATION

TABLE 2 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

(gross amount in €)	2015		2016	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	800,000	800,000.04	550,000 ⁽¹⁾	550,000
Annual variable compensation	1,380,000 ⁽²⁾	889,787 ⁽³⁾	617,760 ⁽⁴⁾	1,380,000 ⁽⁵⁾
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind ⁽⁶⁾	7,371.60	7,371.60	7,371.60	7,371.60
TOTAL	2,187,371.60	1,697,158.64	1,175,131.60	1,937,371.60

(1) Of which €400,000 as Chairman and Chief Executive Officer for the period from January 1 to June 30, 2016 and €150,000 as Chairman of the Board of Directors for the period from July 1 to December 31, 2016.

(2) Amount due in respect of fiscal year 2015 and paid in 2016.

(3) Amount due in respect of fiscal year 2014 and paid in 2015.

(4) Amount due in respect of fiscal year 2016 and paid in 2017.

(5) Amount paid in respect of fiscal year 2015.

(6) Availability of a company car.

STOCK OPTIONS GRANTED TO MR. YANN DELABRIÈRE BY THE ISSUER AND OTHER GROUP COMPANIES DURING THE FISCAL YEAR

No stock options were granted to Mr. Yann Delabrière by Faurecia or other Group companies in 2016.

The following options were granted to him as corporate officer in prior years.

TABLE 4 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

Yann DELABRIÈRE	Number and date of plan	Type of options (purchase or subscription)	Valuation of options based on the method used		Number of options granted (adjusted)	Adjusted exercise price	Exercise period	Performance condition
			in the consolidated financial statements	Number of options granted (adjusted)				
	No. 17 April 16, 2007	Subscription	911,080	48,000	€44.69	4/17/2011 – 4/16/2017		-
TOTAL	-	-	911,080	48,000	-	-	-	-

Mr. Yann Delabrière made a formal commitment not to hedge the risks associated with these options and the shares that would result from the exercise of these options.

STOCK OPTIONS EXERCISED DURING THE YEAR BY MR. YANN DELABRIÈRE

No stock options were exercised by Mr. Yann Delabrière in 2016. Consequently, Table 5 (the AFEP-MEDEF Code and AMF Recommendation No. 2009-16) does not apply.

The total number of stock options granted to Mr. Yann Delabrière and outstanding as of December 31, 2016 (i.e., a total of 48,000 options), represents 0.03% of Faurecia's capital as of that date.



PERFORMANCE SHARES ALLOCATED TO MR. YANN DELABRIÈRE

TABLE 6 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

No performance shares were allocated to Mr. Yann Delabrière in 2016.

The table below lists all the performance shares allocated to Mr. Yann Delabrière as corporate officer prior to 2016.

Yann DELABRIÈRE	Number and date of plan	Max. number of shares granted during the period ⁽¹⁾	Value of shares by the method used for the consolidated financial statements	Grant date	Vesting date	Performance condition
Plan No. 1	Plan No. 1 of June 23, 2010	37,050	383,468	6/23/2012	6/23/2014	The pre-tax net income of the Group for the year ended December 31, 2011 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with pre-tax net income forecast for the same year in the Group's Medium-Term Plan reviewed and decided by the Board at the time the shares are allocated ⁽²⁾
Plan No. 2	Plan No. 2 of July 21, 2010	37,050	399,514	7/21/2013	7/21/2015	The pre-tax net income of the Group for the year ended December 31, 2012 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with pre-tax net income forecast for the same year in the Group's Medium-Term Plan reviewed and decided by the Board at the time the shares are allocated ⁽³⁾ .
Plan No. 3	Plan No. 3 of July 25, 2011	52,000	1,085,040	7/25/2014	7/25/2016	The pre-tax net income of the Group for the year ended December 31, 2013 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with pre-tax net income forecast for the same year in the Group's Medium-Term Plan reviewed and decided by the Board at the time the shares are allocated ⁽³⁾ .
Plan No. 4	Plan No. 4 of July 23, 2012	52,000	435,080	7/23/2015	7/23/2017	<ul style="list-style-type: none"> • The pre-tax net income of the Group for the year ended December 31, 2014 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with pre-tax net income forecasted for the same year in the Group's Medium-Term Plan reviewed and decided by the Board at the time the shares are allocated; and • The growth between 2011 and 2014 in the Company's net earnings per share compared with the average growth of a reference group of 12 international automotive suppliers comparable to Faurecia over the same period ⁽³⁾.

(1) The number of performance shares given in this table is the maximum number and corresponds to 130% of the number of shares used in the valuation.

(2) The performance condition of this plan was met at its maximum.

(3) The performance conditions for Plans No. 2, 3 and 4 were not met: consequently, no shares were granted to Mr. Yann Delabrière under these plans.

Yann DELABRIÈRE	Number and date of plan	Max. number of shares granted during the period ⁽¹⁾	Value of shares by the method used for the consolidated financial statements	Grant date	Vesting date	Performance condition
Plan No. 5	Plan No. 5 of July 24, 2013	71,500	1,386,456	7/24/2017	7/24/2017	<ul style="list-style-type: none"> The pre-tax net income of the Group for the year ended December 31, 2015 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with pre-tax net income forecasted for the same year in the Group's Medium-Term Plan reviewed and decided by the Board at the time the shares are allocated; and The growth between 2012 and 2015 in the Company's net earnings per share compared with the weighted growth of a reference group of 12 international automotive suppliers comparable to Faurecia over the same period.
Plan No. 6	Plan No. 6 of July 28, 2014	68,900	1,808,900	7/28/2018	7/28/2018	<ul style="list-style-type: none"> The pre-tax net income of the Group for the year ended December 31, 2016 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with pre-tax net income forecasted for the same year in the Group's Medium-Term Plan reviewed and decided by the Board at the time the shares are allocated; and The growth between 2013 and 2016 in the Company's net earnings per share compared with the weighted growth of a reference group of 12 international automotive suppliers comparable to Faurecia over the same period.
Plan No. 7	Plan No. 7 of July 23, 2015	55,798	1,985,069	7/23/2019	7/23/2019	<ul style="list-style-type: none"> The pre-tax net income of the Group for the year ended December 31, 2017 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with pre-tax net income forecasted for the same year in the Group's Medium-Term Plan reviewed and decided by the Board at the time the shares are allocated; and The growth between 2014 and 2017 in the Company's net earnings per share compared with the weighted growth of a reference group of 12 international automotive suppliers comparable to Faurecia over the same period.
GRAND TOTAL		- 374,298	7,483,527	-	-	-
TOTAL EXCLUDING PLANS NO. 2, 3 AND 4⁽²⁾		- 233,248	5,563,893	-	-	-

(1) The number of performance shares given in this table is the maximum number and corresponds to 130% of the number of shares used in the valuation.
(2) The performance conditions for plans no 2, 3 and 4 were not met: consequently, no shares were granted to Mr. Yann Delabrière under these plans.



Mr. Yann Delabrière made a formal commitment not to hedge the risks associated with the performance shares granted to him.

As a reminder, at its meeting of April 13, 2016 the Board of Directors decided to maintain the benefits of Performance Share Plans No. 5, 6 and 7 awarded to Mr. Yann Delabrière who exercised his rights to retirement on July 1, 2016.

PERFORMANCE SHARES THAT BECAME AVAILABLE TO MR. YANN DELABRIÈRE DURING THE FISCAL YEAR

TABLE 7 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

No performance share became available to Mr. Yann Delabrière in 2016.

The situation of shares that became available prior to 2016 is as follows:

Yann DELABRIÈRE	Number and date of plan	Number of shares that became available during 2014	Vesting conditions
	Plan No. 1 of June 23, 2010	37,050	The Board meeting held on June 23, 2010 decided that Mr. Yann Delabrière would retain 30% of the vested shares until the end of his office term, irrespective of the number of times his office term is renewed.
TOTAL	-		37,050*

* Considering the vesting conditions stipulated by the Board of Directors as described above, 25,935 performance shares are effectively available.

The total number of performance shares outstanding as of December 31, 2016 which may vest to Mr. Yann Delabrière, minus the number of shares already vested (i.e., a total of 196,198 shares) represents 0.14% of Faurecia's capital as of this date.

TABLE 11 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

Yann DELABRIÈRE	Employment Contract			Compensation or benefits due or that may be due on termination or change in position			Compensation due under a non- competition clause
		Yes	No	Yes	No	Yes	
Position: Chairman and Chief Executive Officer from February 16, 2007 to June 30, 2016 and Chairman of the Board of Directors since July 1, 2016		X		X*		X	X
End of term: Annual General Meeting of May 30, 2017							

* Plan detailed infra under "Pension schemes for executive and non executive corporate officers".

Mr. Patrick Koller's compensation

Deputy Chief Executive Officer until June 30, 2016
Chief Executive Officer since July 1, 2016

The components of Mr. Patrick Koller's compensation due or received for the year ended December 31, 2016, which are subject to the opinion of the shareholders pursuant to the recommendation of paragraph 26 § 1 of the AFEP-MEDEF Corporate Governance Code of listed corporations of November 2016 are detailed in the explanatory notes to the resolutions included in Chapter 12 of this Registration Document.

Fixed compensation for 2016 as Deputy Chief Executive Officer

Mr. Patrick Koller's annual fixed compensation as Deputy Chief Executive Officer was set at €620,000 by the Board of Directors at its meetings of December 9, 2014 and February 11, 2015.

This compensation was established with reference to a compensation analysis conducted by an external consulting firm based on a group of 20 French industrial companies comparable to Faurecia.

Fixed compensation for 2016 as Chief Executive Officer

As from July 1, 2016, the date on which the duties of the Chairman and the Chief Executive Officer were segregated, Mr. Patrick Koller's annual fixed compensation as Chief Executive Officer was set at €750,000 by the Board of Directors' decision of July 25, 2016.

This compensation was established with reference to a compensation analysis conducted by an external consulting firm based on a group of 20 French industrial companies comparable to Faurecia.

Variable compensation for 2016 as Deputy Chief Executive Officer

At its meeting of February 10, 2016 the Board also laid down the rules for determining Mr. Patrick Koller's variable compensation for 2016 as Deputy Chief Executive Officer.

The Board decided that Mr. Patrick Koller's total variable compensation would range from 0 to 144% of his annual fixed compensation according to the achievement of quantitative and qualitative targets.

The achievement of quantitative targets gives right to a variable compensation ranging from 0 to 150% of 80% of his annual fixed compensation.

The quantitative targets set by the Board of Directors on February 10, 2016 are linked to the operating income and free cash flow:

- the operating income set by reference to the 2016 budget will give right to a variable compensation ranging from 0 to 150%

(maximum percentage) of 80% of the fixed compensation. The operating income will be taken into account for 40%;

- the free cash flow set by reference to the 2016 budget will give right to a variable compensation ranging from 0 to 150% (maximum percentage) of 80% of the fixed compensation. The free cash flow will be taken into account for 60%.

The expected levels of achievement of these targets were set by the Board of Directors with reference to the 2016 budget but are not made public for confidentiality reasons.

At the same meeting and in addition to these quantitative targets, the Board of Directors defined qualitative targets:

- (i) the execution of the strategy decided upon by the Board of Directors in October 2015 (25% weighting for this criterion) i.e. ensuring the development of Faurecia's technological capacities through a combination of organic and external growth; selecting and finalizing potential acquisitions ensuring increased technological capacity and creating value for shareholders; increasing investment in start-ups;
- (ii) the execution of the development plans for Asia as presented to the Board of Directors at its December 2015 meeting (25% weighting for this criterion being associated with key indicators in relation, in particular, to levels of achievement of operating income and sales) i.e. adjusting Faurecia in China to so-called *New Normal* conditions with a cost structure compatible with the cost positioning of Chinese OEMs, fulfilling the ambitions of international OEMs; securing long-term profitability; developing partnerships with four major Chinese OEMs; rolling out a new method of organization in South Korea and business activities with HKMC; defining and executing the strategy in Japan and in South-East Asia;
- (iii) the introduction of a simplified and more flexible method of organization, as presented to the Board of Directors at their December 2015 meeting, consisting of the roll out of an approach known as the Lean Functions approach within Faurecia (25% weighting for this criterion) i.e. optimization of functions to achieve internal and external benchmarks; and
- (iv) the preparation of a development and succession plan for the executive team (25% weighted on this criterion) i.e. appraising the current executive team; identifying development needs; developing succession plans

Once all or part of the quantitative targets are achieved, the level of achievement of the qualitative targets will determine a multiplier effect of the achievement of 0.70 to 1.20 of the quantitative targets.

Therefore, if the achievement of the quantitative targets is equal to 0, the multiplier effect of the qualitative targets will not be taken into account.

On February 8, 2017, on the recommendation of the Management Committee which met on February 1, 2017 and by applying the



principles described above, the Board of Directors set Mr. Patrick Koller's 2016 variable compensation as Deputy Chief Executive Officer for the period from January 1 to June 30, 2016 as follows:

Patrick KOLLER		Weighting of targets	Maximum target (%)	Achieved target (%)	Corresponding amount in €
Quantitative targets	Operating income	40%	150%	141%	€139,872
From 0 to 150% of 80% of the annual fixed compensation*	Free cash flow	60%	150%	140%	€208,320
if the levels of achievement of these targets set with reference to the 2016 budget are reached	TOTAL QUANTITATIVE TARGETS	100%	150%	140.4%	€348,192
	Execution of strategy	25%	120%	100%	€0
	Execution of development plans for Asia**	25%	120%	120%	€17,409.60
Qualitative targets	Implementation of a light and flexible organization	25%	120%	100%	€0
Multiplier effect (ranging from 0.70 to 1.20) of the achievement of the quantitative targets, which may increase or decrease variable compensation	Preparation of a development and succession plan for the executive team	25%	120%	120%	€17,409.60
	TOTAL QUALITATIVE TARGETS	100%	120%	110%	€34,819.20
TOTAL VARIABLE COMPENSATION FROM JANUARY 1 TO JUNE 30, 2016		-	180%	154.44%***	€383,011.20

* Mr. Patrick Koller received fixed compensation of €310,000 for the period from January 1 to June 30, 2016.

** This target is supplemented by key indicators, notably linked to the level of achievement of operating income and sales that are not made public for confidentiality reasons.

*** 154.44% of 80% of the fixed compensation received.

As regards the execution of the strategy, the Board of Directors of February 8, 2017 highlighted the 2016 achievements especially the creation of a team dedicated to the Cockpit of the Future project and the launch of pre-development activities with four customers; the materialization of investments with the announcement of a strategic partnership with Parrot Automotive, the acquisition of a majority interest in Amminex and investments in various start-ups, including the Finnish company Tactotek.

As regards the execution of the development plans for Asia, the Board of Directors of February 8, 2017, formally noted the sharp rise in business in South Korea, the introduction of a new method of organization in Japan, the implementation of so-called *New Normal* conditions for the three Business Groups in China as well as the amount of new contracts with Chinese OEMs and levels of operating income in Asia that were higher than the targets.

The objective of introduction of a simplified and more flexible method of organization has been reflected by strong measures to optimize functions as well as in the definition of new initiatives followed by the launch of the first actions within the field of the digitalization of operations and the efficiency of R&D.

Eventually, the Board of Directors of February 8, 2017 noted that the development and succession plan for the executive team had been defined and presented to the newly created Management Committee.

Variable compensation for 2016 as Chief Executive Officer

On July 25, 2016 the Board of Directors decided that, as from July 1, 2016, Mr. Patrick Koller's variable compensation as Chief Executive Officer would be based on the achievement of the same quantitative targets as those set by the Board of Directors on February 10, 2016 for his duties as Deputy Chief Executive Officer. However, as from July 1, 2016 these targets will be eligible for annual variable compensation ranging from 0 to 150% of the fixed compensation applicable from that date.

In view of the multiplier effect of achieving quantitative targets such as those set by the Board of Directors on February 10, 2016, the Board of Directors specified that Patrick Koller's total variable compensation as Chief Executive Officer for the second half of 2016 may vary from 0 to 180% of his annual fixed compensation applicable as from July 1, 2016 at its meeting of July 25, 2016.

At the same meeting, the Board of Directors also specified that the achievement of both quantitative and qualitative targets would be assessed over the entire year 2016 and would apply identically to the variable compensation for the first and second half.

On February 8, 2017, on the recommendation of the Management Committee which met on February 1, 2017, by applying the principles described above and having noted that the qualitative targets had been attained as described above, the Board of Directors set Mr. Patrick Koller's 2016 variable compensation as Chief Executive Officer for the period from July 1 to December 31, 2016 as follows:

Patrick KOLLER		Weighting of targets	Maximum target (%)	Achieved target (%)	Corresponding amount in €
Quantitative targets	Operating income	40%	150%	141%	€211,500
From 0 to 150% of 100% of the annual fixed compensation*	Free cash flow	60%	150%	140%	€315,000
if the levels of achievement of these targets set with reference to the 2016 budget are reached					
	TOTAL QUANTITATIVE TARGETS	100%	150%	140.4%	€526,500
	Execution of strategy	25%	120%	100%	€0
	Execution of development plans for Asia**	25%	120%	120%	€26,325
	Implementation of a light and flexible organization	25%	120%	100%	€0
	Preparation of a development and succession plan for the executive team	25%	120%	120%	€26,325
	TOTAL QUALITATIVE TARGETS	100%	120%	110%	€52,650
Qualitative targets					
Multiplier effect (ranging from 0.70 to 1.20) of the achievement of the quantitative targets, which may increase or decrease variable compensation					
	TOTAL VARIABLE COMPENSATION FROM JULY 1 TO DECEMBER 31, 2016	-	180%	154.44%	€579,150

* Mr. Patrick Koller received fixed compensation of €375,000 for the period from July 1 to December 31, 2016.

** This target is supplemented by key indicators, notably linked to the level of achievement of operating income and sales that are not made public for confidentiality reasons.

Fixed compensation for 2017

On the recommendation of the Management Committee, which met on February 1, 2017, the Board of Directors maintained Mr. Patrick Koller's annual fixed compensation for 2017 as Chief Executive Officer at €750,000 in its meeting of February 8, 2017.

This compensation was established with reference to a compensation analysis conducted by an external consulting firm based on a group of 20 French industrial companies comparable to Faurecia.

Variable compensation for 2017

On the recommendation of the Management Committee, which met on February 1, 2017, the Board also laid down the rules for determining Mr. Patrick Koller's variable compensation for 2017 as Chief Executive Officer in its meeting of February 8, 2017.

The Board decided that Mr. Patrick Koller's total variable compensation would range from 0 to 180% of his annual fixed compensation according to the achievement of quantitative and qualitative targets.

The achievement of quantitative targets gives right to a annual variable compensation ranging from 0 to 150% of his fixed compensation.

The quantitative targets set by the Board of Directors on February 8, 2017 are linked to the operating income and free cash flow:

- the operating income set by reference to the 2017 budget will give right to a variable compensation ranging from 0 to 150% (maximum percentage) of the fixed compensation. The operating income will be taken into account for 40%;
- the free cash flow set by reference to the 2017 budget will give right to a variable compensation ranging from 0 to 150% (maximum percentage) of the fixed compensation. The free cash flow will be taken into account for 60%.

The expected levels of achievement of these targets were set by the Board of Directors with reference to the 2017 budget but are not made public for confidentiality reasons.



Qualitative targets have also been set in addition to quantitative targets:

- the deployment of the strategy through the implementation of organic and external growth priorities in line with the strategic plan (30% weighted on this criterion); to propose to the Board of Directors investments alternatives which will allow a real strategic choice; to add technology to existing Business Groups through external growth; to grow in China with local OEMs; to make bolt on acquisitions to accelerate the growth of Value Spaces: to invest in start-ups to reinforce the Group's product offering;
- the deployment of the Group's initiatives in the fields of R&D productivity & efficiency, Global Business Services and Digital Productivity (25% weighted on this criterion); to define a saving strategy for each initiative; to set associated net savings to achieve; to implement first steps of a formalized plan; to demonstrate feasibility of global net savings objective at the end of the year;
- the management of program launches (25% weighted on this criterion); the objective is to achieve flawless launches of 14 programs identified as being at risk; and
- the reinforcement of the entrepreneurship, accountability and agility components of the Being Faurecia approach (20% weighted on this criterion); assessing the current situation through an internal survey; according to the results, organizing the design of an action plan; assessing the first feedback and change momentum.

Once all or part of the quantitative targets are achieved, the level of achievement of the qualitative targets will determine a multiplier effect of the achievement of 0.70 to 1.20 of the quantitative targets.

Therefore, if the achievement of the quantitative targets is equal to 0, the multiplier effect of the qualitative targets will not be taken into account.

In accordance with Law No. 2016-1691 of December 9, 2016 on Transparency, the Fight against Corruption and Economic Modernization, this compensation will be paid to Mr. Patrick Koller after its approval by the shareholders at the Annual General Meeting to be held in 2018.

Other components of compensation

- As Mr. Patrick Koller is not a Board member, he received no attendance fees in 2016.
- Mr. Patrick Koller has no multi-year compensation. Consequently, Table 10 as required by the AFEP-MEDEF Code does not apply.
- Mr. Patrick Koller did not receive or exercise any stock options of the Company in 2016.
- Upon the adoption of the Performance Share Plan No. 8 as described in Table 6 below, at its meeting of July 25, 2016 the Board allocated a maximum of 55,095 shares to Mr. Patrick Koller vesting on July 25, 2020, subject to the plan's continued employment and performance conditions.

The Board also decided that Mr. Patrick Koller should keep 30% of his grant until the expiry of his term of office.

- Lastly, Mr. Patrick Koller is entitled to a termination payment duly authorized by the Board of Directors at its meeting of July 25, 2016 on a proposal of the Appointments and Compensation Committee issued on July 20, 2016, according to the procedure of Articles L. 225.38 et seq. of the French Code of commerce.

This termination benefit will be duly submitted for shareholder approval at the Annual General Meeting of May 30, 2017 (5th resolution to be voted upon as an Ordinary Meeting).

SUMMARY OF COMPENSATION, OPTIONS AND SHARES GRANTED TO MR. PATRICK KOLLER

TABLE 1 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

(in €)	2015	2016
Compensation for the year (see Table 2)	1,371,274.93	1,661,593
Value of stock options granted during the year (see Table 4)	-	-
Value of performance shares granted during the year (see Table 6)	938,601	1,722,931
Value of other long-term compensation plans	-	-
TOTAL	2,309,875.93	3,384,524

SUMMARY OF MR. PATRICK KOLLER'S COMPENSATION

TABLE 2 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

(gross amount in €)	2015		2016	
	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	568,333	568,333.37	685,000 ⁽¹⁾	685,000
Annual variable compensation	784,290 ⁽²⁾	-	962,161.20 ⁽³⁾	784,290 ⁽⁴⁾
Exceptional compensation	-	-	-	-
Attendance fees	-	-	-	-
Benefits in kind	18,651.93 ⁽⁵⁾	18,651.93	14,431.80 ⁽⁶⁾	14,431.80
TOTAL	1,371,274.93	586,985.30	1,661,593	1,483,721.80

(1) Of which €310,000 as Deputy Chief Executive Officer for the period from January 1 to June 30, 2016 and €375,000 as Chief Executive Officer for the period from July 1 to December 31, 2016.

(2) Amount due in respect of fiscal year 2015 and paid in 2016.

(3) Amount due in respect of fiscal year 2016 and paid in 2017.

(4) Amount paid in respect of fiscal year 2015.

(5) Of which €7,653.91 for a company car and €10,998.02 corresponding to the social security contribution paid by the Company for its executives.

(6) Of which €8,349.72 for a company car and €6,082.08 paid from January 1 to June 30, 2016 and corresponding to the social security contribution paid by the Company for its executives.

STOCK OPTIONS GRANTED TO MR. PATRICK KOLLER BY THE ISSUER AND OTHER GROUP COMPANIES DURING THE FISCAL YEAR

TABLE 4 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

No stock options were granted to Mr. Patrick Koller by Faurecia or other Group companies in 2016.

In previous years, the following options were granted to Mr. Koller, when he was not a corporate officer.

Patrick KOLLER	Number and date of plan	Type of options (purchase or subscription)	Valuation of options based on the method used in the consolidated financial statements	Number of options granted (adjusted)	Adjusted exercise price	Exercise period	Performance condition
	No. 17 April 16, 2007	Subscription	227,770	12,000	€44.69	4/17/2011 – 4/16/2017	-
TOTAL	-	-	227,770	12,000	-	-	-

STOCK OPTIONS EXERCISED BY MR. PATRICK KOLLER DURING THE FISCAL YEAR

No stock options were exercised by Mr. Patrick Koller in 2016. Consequently, Table 5 (the AFEP-MEDEF Code and AMF Recommendation No. 2009-16) does not apply.

The total number of stock options granted to Mr. Patrick Koller and outstanding as of December 31, 2016 (i.e., a total of 12,000 options), represents 0.008% of Faurecia's capital as of that date.



PERFORMANCE SHARES ALLOCATED TO MR. PATRICK KOLLER

The table below lists all the performance shares allocated to Mr. Patrick Koller as corporate officer.

TABLE 6 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

Patrick KOLLER	Number and date of plan	Max. number of shares granted during the period ⁽¹⁾	Value of shares by the method used for the consolidated financial statements	Grant date	Vesting date	Performance condition
Plan No. 7	Plan No. 7 of July 23, 2015	26,383	938,601	7/23/2019	7/23/2019	<ul style="list-style-type: none"> • The pre-tax net income of the Group for the year ended December 31, 2017 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with pre-tax net income forecasted for the same year in the Group's Medium-Term Plan reviewed and decided by the Board at the time the shares are allocated; and • The growth between 2014 and 2017 in the Company's net earnings per share compared with the weighted growth of a reference group of 12 international automotive suppliers comparable to Faurecia over the same period.
Plan No. 8	Plan No. 8 of July 25, 2016	55,095	1,722,931	7/25/2020	7/25/2020	<ul style="list-style-type: none"> • The after tax net income of the Group for the year ended December 31, 2018 (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with the income forecasted for the same year in the Group's Medium-Term Plan reviewed and decided by the Board at the time the shares are allocated; and • The growth between 2015 and 2018 in the Company's net earnings per share compared with the weighted growth of a reference group of 12 international automotive suppliers comparable to Faurecia over the same period.
TOTAL	-	81,478	2,661,532	-	-	-

(1) The number of performance shares given in this table is the maximum number and corresponds to 130% of the number of shares used in the valuation.

Mr. Patrick Koller made a formal commitment not to hedge the risks associated with the performance shares allocated to him.

PERFORMANCE SHARES THAT BECAME AVAILABLE TO MR. PATRICK KOLLER DURING THE FISCAL YEAR

No performance share became available to Mr. Patrick Koller in 2016.

The situation of shares that became available prior to 2016 is as follows:

TABLE 7 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

Patrick KOLLER	Number and date of plan	Number of shares that became available during the year	Vesting conditions	
	Plan No. 1 of June 23, 2010	14,950	As these shares were granted to Mr. Patrick Koller before his appointment as Faurecia's Deputy Chief Executive Officer, they were not subject to lock-up conditions at the allocation date.	
TOTAL	-	14,950		

The total number of performance shares outstanding as of December 31, 2016 which may vest to Mr. Patrick Koller, minus the number of shares already vested (i.e., a total of 126,003 shares, of which 44,525 were granted before his appointment as a corporate officer) represents 0.09% of Faurecia's capital as of that date.

TABLE 11 (THE AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

Patrick KOLLER	Employment Contract		Supplementary pension scheme		Compensation or benefits due or that may be due on termination or change in position		Compensation due under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Position: Deputy Chief Executive Officer from February 2, 2015 to June 30, 2016 and Chief Executive Officer since July 1, 2016	X*		X**		X		X	
End of term: The term of office of Mr. Patrick Koller as Chief Executive Officer is unlimited								

* Mr. Patrick Koller's employment contract had been suspended when his term of office as Deputy Chief Executive Officer started. This contract was terminated on July 1, 2016 when he was appointed Chief Executive Officer.

** Plan detailed infra under "Pension schemes for executive and non executive corporate officers".



PENSION SCHEMES FOR EXECUTIVE AND NON-EXECUTIVE CORPORATE OFFICERS

(Decree No. 2016-182 of February 23, 2016 in application of paragraph 5 of Article 229 of the French Growth, Jobs and Equal Economic Opportunities Act No. 2015-990 of August 6, 2015)

Until June 30, 2016 Mr. Yann Delabrière was a participant in the pension scheme set up for all of Faurecia's managers in France, which comprises a defined contribution scheme and a defined benefit scheme.

Mr. Yann Delabrière is not a participant in the supplementary pension scheme specifically set up on January 1, 2015 for members of Faurecia's Executive Committee.

Yann DELABRIÈRE	Defined contribution scheme	Defined benefit scheme
Applicable law	Article 83 of the General French Tax Code	Article 39 of the General French Tax Code
Participation criteria	One-year seniority with the Group upon retirement	Employment contract or office and five-year seniority with the Group upon retirement
Rules for determining the reference compensation used to calculate rights	Tranche A and Tranche B contribution for the current year	Average Tranche C compensation over the past three years
Vesting formula	1% of Tranche A compensation and 6% of Tranche B compensation	1% of Tranche C compensation
Ceiling	N/A	70% of the average salary over the past three years
Funding of rights	Outsourced	Outsourced
Estimated annual annuity as of the reporting date	€3,197.49 per year	€40,161 per year*
Associated tax and payroll expenses	N/A	Tax on annuity

* Seniority starting from March 1, 1990.

Mr. Yann Delabrière exercised his rights to retirement on July 1, 2016.

At Mr. Yann Delabrière's request, the capital of €88,797.34 for the annuity linked to the defined contribution scheme was paid into an individual pension savings plan (PERP).

The capital for the annuity linked to the defined benefit plan is €1,114,468.89 and Mr. Yann Delabrière received a total amount of €31,716.20 gross in the second semester of 2016, in accordance with his chosen payment option.

Mr. Patrick Koller is a participant in the pension scheme set up for all of Faurecia's managers in France, which comprises a defined contribution scheme and a defined benefit scheme.

He is also a participant in the supplementary pension scheme specifically set up on January 1, 2015 for members of Faurecia's Executive Committee who have an employment contract with the Company (either in progress or suspended), or a term of office in France.

Patrick KOLLER	Defined contribution scheme	Defined benefit scheme	Specific supplementary pension scheme
Applicable law	Article 83 of the General French Tax Code	Article 39 of the General French Tax Code	Article 39 of the General French Tax Code
Participation criteria	One-year seniority with the Group upon retirement	Employment contract or office and five-year seniority with the Group upon retirement	<ul style="list-style-type: none"> • Employment contract or office with the Group (either in progress or suspended) • Three-year seniority within Faurecia's Executive Committee as from January 1, 2015
Rules for determining the reference compensation used to calculate rights	Tranche A and Tranche B contribution for the current year	Average Tranche C compensation over the past three years	Average total compensation over the past three years (fixed + variable), excluding special compensation
Vesting formula	1% of Tranche A compensation and 6% of Tranche B compensation	1% of Tranche C compensation and performance conditions linked to the level of achievement of variable compensation targets	Depending on Faurecia's performance, from 1% to 3% of total compensation (fixed + variable), excluding special compensation
Ceiling	N/A	Depending on the retirement age, from 65% to 70% of the average salary over the last three years	<ul style="list-style-type: none"> • Eight times the annual French social security ceiling • Total amount paid by Faurecia for pension benefits must be less than 25% of the reference compensation • The replacement rate across all pension schemes (mandatory and specific) must be less than 45%
Funding of rights	Outsourced	Outsourced	Outsourced
Estimated annuity at the reporting date	€2,724 per year	€15,227 per year*	€88,157 per year**
Associated tax and payroll expenses	N/A	Tax on annuity	Tax on contribution

* Seniority starting from December 18, 2006.

** Seniority starting from January 1, 2015.

Further information on these pension schemes can be found in Note 25-2 to the consolidated financial statements.

Table 3 as required by the AFEP-MEDEF Code and AMF Recommendation No. 2009-16 (Attendance fees) appears in Section 9.1.2.1; Tables 8 (History of stock option grants) and 10 (History of performance share grants) required by the same texts appear in Section 11.4.2.2.

Table 9 required by AMF Recommendation No. 2009-16 (Stock options granted during the year to the top ten non-corporate officer employees and options exercised by them during the year) also appears in Section 11.4.2.2.



9.2. The Executive Committee

9.2.1. EXECUTIVE COMMITTEE MEMBERS

Faurecia's executive management function is performed under the responsibility of the Chief Executive Officer (CEO) by an Executive Committee that meets every month to review the Group's results and consider general matters concerning the Group.

Its composition was as follows in 2016:

Patrick Koller

CEO

Michel Favre

Executive Vice-President, Group Chief Financial Officer

Hervé Guyot

Executive Vice-President, Group Strategy

Kate Philipps

Executive Vice-President, Group Communications

Jean-Michel Renaudie

Executive Vice-President, Faurecia Interiors

Christophe Schmitt

Executive Vice-President, Faurecia Clean Mobility

Jean-Pierre Sounillac

Executive Vice-President, Group Human Resources

Mark Stidham

Executive Vice-President, Faurecia North America

Eelco Spoelder

Executive Vice-President, in charge of Group Operations

Jean-Michel Vallin

Executive Vice-President, Faurecia China

Hagen Wiesner

Executive Vice-President, Faurecia Seating

9.2.2. MISSION AND STRUCTURE

The Faurecia group is organized into Business Groups dedicated to managing and developing Faurecia's activities worldwide.

They are responsible for the operating results of their individual businesses, as well as investments and the management of operating cash flow.

Faurecia comprises three Business Groups:

- Faurecia Seating is responsible for the management and development of the complete seat unit business and all aspects of the design and production of seats such as metal frames, mechanisms, comfort and safety sub-modules, foams and covers;
- Faurecia Clean Mobility is responsible for the management and development of complete exhaust systems and exhaust components covering both the hot end of the exhaust system such as particulate and exhaust fume treatments, as well as the cold end;
- Faurecia Interiors is responsible for the management and development of the main parts making up vehicle interiors

such as instrument panels, full cockpits, center consoles, door panels, door modules, sound insulation solutions, soft trim and acoustic modules.

The corporate departments include:

- the Finance and Human Resources departments, which are responsible for the management of their respective areas of expertise. They are structured around country-based divisions and shared services centers in charge of providing financial and administrative services (cash management, accounting, tax, legal) and Human Resources management services to the Faurecia group as a whole;
- the Strategy department, which drives the Group's strategy and medium-term planning, and coordinates the Business Groups' innovation and R&D activities, as well as Faurecia's expansion in emerging markets;
- the Communications department, which conducts the Group's internal and external communications.

9.2.3. COMPENSATION OF THE EXECUTIVE COMMITTEE

The total compensation paid or allocated in 2016 to members of the Executive Committee in office as at December 31, 2016 amounted to €11,271,949.

The compensation of the Executive Committee includes a variable bonus. Performing on target can result in a bonus worth 50% of the base salary. Should targets be exceeded, this percentage can rise to 100% of the base salary. 80% of the bonus is based on targets related to operating income and cash generation within the scope of responsibility, and 20% on the same targets measured across the Group. Within the corporate departments, 100% is based on targets measured across the Group.

If the employment contract of an Executive Committee member is terminated, he or she may receive contractual severance pay of up to 12 months' compensation, depending on their position. This amount is not payable in the event of gross negligence or willful misconduct.

Members of the Executive Committee also benefit from the performance share plan instituted by the Board of Directors. As of December 31, 2016, the plans No. 5, 6, 7 are on-going. They were granted by the Board of Directors' decisions of July 24, 2013, July 28, 2014 and July 23, 2015. Plan No. 8 was granted by the Board of Directors at its July 25, 2016 meeting (see Section 11.4.2.2. of this Registration Document).

9.3. Senior Management

Each of the three Business Groups is organized into geographic divisions – Europe, divided when appropriate into North and South Europe, North America, South America, and Asia (China) – which manage operations in their region and also coordinate operations with customers headquartered in their region.

The three Business Groups also have a central staff that handles the main operational functions (sales and marketing, programs, manufacturing support, purchasing, quality, Human Resources and finance). These functions are also managed within the geographic divisions by equivalent teams. Additionally, some specialized areas are managed by worldwide product lines within the four businesses, such as seat mechanisms, acoustic treatments and decorative interior trims.

Senior Management at Faurecia consists of all the aforementioned management teams along with the Executive Committee and the key headquarters managers of the manufacturing and quality staff, as well as the Human Resources and Finance departments.

Faurecia Senior Management included 301 members as at December 31, 2016. This is Faurecia's operational management, responsible for the Company's operations, growth and performance. As such, the members of this team have an interest in the short-term results, through a system of variable bonuses. 80% of the bonus is based on targets related to operating income and cash generation within the scope of responsibility, and 20% on the same targets measured for the scope immediately above.

Members of this team also benefit from the performance share plan instituted by the Board of Directors. As of December 31, 2016, the plans No. 5, 6, 7 are on-going. They were granted by the Board of Directors' decisions of July 24, 2013, July 28, 2014 and July 23, 2015. Plan No. 8 was granted by the Board of Directors at its July 25, 2016 meeting (see Section 11.4.2.2. of this Registration Document).



9.4. Description of internal control and risk management procedures implemented by the Faurecia group

The Board of Directors determines and controls the implementation of decisions concerning the Company's main strategies, and has the specific task of monitoring the effectiveness of control and risk management systems. In

this context, risk monitoring and control are reviewed at least annually following a presentation by the Audit Committee to the Board of Directors.

9.4.1. REFERENCE FRAMEWORK USED BY FAURECIA

The Faurecia group continues to develop its internal control system by making use of the AMF Reference Framework, as updated on July 22, 2010.

The Group's internal control system is implemented with regard to both its operations and its legal structure.

It applies to all Group subsidiaries consolidated by the global integration method.

The summarized information on Faurecia's internal control procedures provided below is focused on the main areas that could:

- have an impact on financial and accounting information published by the Faurecia group;
- cause damage to the Group's image and reputation;

- expose the Group to regulatory or legal sanctions from the various jurisdictions and competition authorities of the countries in which it operates;
- threaten the Group's employees and ecosystem (risk of kidnapping, natural disasters, epidemics, environmental risks);
- prevent the Group's customers from producing, delaying their production or hindering their product and service performance (critical equipment breakdown, quality risks, delay in product development);
- cause the Group to be unable to continue financing its operations (cash shortage);
- threaten the confidentiality of the information held by the Group on its own behalf (intellectual property, data on technologies, financial data) or with regard to its employees (personal data).

9.4.2. INTERNAL CONTROL: DEFINITION AND OBJECTIVES

Within the Faurecia group, internal control is a structure that includes a set of resources, behaviors, procedures and actions with an overall aim of preventing and dealing with risks likely to affect the achievement of its objectives. In this respect, it contributes to the management of its activities, operational efficiency and resource use efficiency, and enables it to take all major operational, financial, and compliance risks into consideration in an appropriate manner.

Faurecia verifies that internal control procedures have been implemented within its subsidiaries. These procedures are adapted to the specific characteristics of the subsidiaries and to relations with Faurecia as parent company.

More specifically, the aims of internal control are to ensure:

- compliance with laws and regulations;
- that the instructions and guidelines set by Executive Management and/or the Board of Directors are applied;

- that each of the Group's companies' internal processes are functioning correctly, particularly those concerning asset protection;
- reliable financial reporting.

However, internal control cannot give an absolute guarantee that Faurecia's objectives will be achieved. All internal control systems have inherent limitations such as uncertainties in the outside world, the exercise of people's judgment, or the cost/benefit relationship of implementing new controls.

The Group's internal control system is based on a mapping of risks identified by the Risk Committee with the aim of preventing them; the Internal Audit department uses this same mapping and other types of alerts to define its missions.

In this context, certain risks, considered to be transversal at Group level, are subject to a specific examination by the Risk Committee. These risks are associated with safety to persons,

quality, program management, liquidity risk, electronic data risk, the reliability of supplies, asset protection and fire risk, exposure of industrial sites to certain types of natural disasters, international exposure of employees to health and safety risks, the reliability of financial information, compliance, the environment. For the purposes of procedure progress and improvement, the relevance of this list is regularly reviewed by the Risk Committee and the inclusion of new Group-wide risks is submitted to the Board of Directors' Audit Committee.

The description of the main risks to which the Group considers that it is exposed is presented in Chapter 4 of this Registration Document.

However, other risks that the Group is not aware of at the date of this report, or which are not considered to date as likely to have a significant unfavorable impact for the Group, its businesses, its financial position, its results or its outlook, may exist or occur.

9.4.3. INTERNAL CONTROL PROCEDURE ACTORS AND ORGANIZATION

Internal control is implemented by both Senior Management and all of the Group's other employees in their daily work in strict compliance with the Group's procedures. The main participants in the internal control system are as follows:

- the Risk Committee which brings together the owners of Group-wide risks at Group level. This Committee is charged with defining, monitoring developments, quantifying, prioritizing, and checking the relevance of these risks with regard to Group objectives. Its deliberations include an evaluation of the usefulness over time of the key indicators of each risk in question as well as the actions required to strengthen their control or management. Finally, the Committee assists the Chief Compliance Officer in preparing and checking risk information for the Board of Directors' Audit Committee;
- Operations Committee meetings are held between the Group's Executive Management and the executive team of each Business Group every month during which all management indicators are reviewed. This Committee particularly focuses on the various key aspects of quality, financial performance, and deadline compliance in programs under development;
- the management and internal control network at Group level (managed by the head of Group internal control), various Business Groups (internal control managers for each Business Group) and the financial management of certain regions (North America, South America, China, Southern Europe, Northern Europe) which aims to strengthen governance, improve procedures (Faurecia Core Procedures),

the IT processes and tools (mainly the Faurecia Core System based on the SAP management software), train managers in all departments on concepts and procedures related to internal control, identify good practices and roll them out in a spirit of continuous improvement.

The head of Group internal control is part of the Group's Finance department. He reports on his work and strengthens the link between the disciplines when attending the Internal Control Governance Board meeting. The main levers of progress set up by this function include: self-evaluation campaigns on all of the management cycles of the business (commercial management, direct and indirect purchasing, inventory management, asset management, payroll management, monitoring standard costs, information systems management, managing expatriates and other personnel transfers, etc.), participation in process improvement projects (transport, Procure to Pay, Order to Cash), training dedicated to internal control including some now registered in the Faurecia University (Faurecia's internal training center) catalog, securing access and rights associated with software, improving IT tools, continuous procedure revision (see 9.4.5 for details on the changes made in 2016);

- the Internal Control Governance Board which meets monthly chaired by the Group's Chief Financial Officer, and with the Internal Audit Director, the VP Financial Control, the Chief Compliance Officer, the General Counsel and the Business Group Chief Financial Officers are also members. Its work is also reviewed at least once a year by the Board of Directors' Audit Committee and the Executive Committee;



- compliance management under the responsibility of the Chief Compliance Officer (reporting to the CEO), supported by the Regional Compliance Officers for North America, Mexico, Asia and EMEA (Europe, Middle East, Africa). Its mission is to develop a mapping of the risks inherent to the Code of Ethics, to set up appropriate monitoring, to define and roll out a communication, training plan as well as compliance procedures. To roll out the plan, the Compliance department also relies on a network of representatives within each of the operational divisions of the Business Groups;
- the Financing and Treasury department, the Financial Control department, the Quality department, the Legal department, and the Country and Regional Chief Financial Officers which all play a specific role in the internal control process on account of their cross-functional skills;
- the Internal Audit department which assesses the effectiveness of internal control and corporate governance processes, ensures that the Group's procedures comply with the applicable local legislation and regulations, and ensures continuous compliance with procedures and the twelve basic internal control rules via regular controls and checks. In the event of shortfalls, it ensures that corrective measures are taken.

The Internal Audit department is under the responsibility of the Group Chief Financial Officer. Located at the Group's headquarters, it also has regional teams based in France, Germany, the United States and China. Each quarter, it presents its audit plan, the reports carried out and the assessment of its performance to the CEO and Group Chief Financial Officer. It can intervene on all Group processes, anywhere in the world, if need be. It conducts its assignments wholly independently and systematically substantiates its findings with specific facts that have been duly verified. It provides the Executive Management with all of its work and regularly reports to it on the progress of its assignments and the measures taken to reach its objectives. Recommendations sent by the Internal Audit department to the audited sites are monitored by (i) an analysis by questionnaire 3, 6 and 12 months after the final report, (ii) monitoring by the

Operations Committee, and (iii) a post-audit onsite if deemed necessary. In 2005, the Internal Audit department drew up an Internal Audit Charter which defines its roles and mission, its field of competence, and the audit methodology used.

This is complemented by the intervention of external actors, including:

- the Statutory Auditors. In accordance with French company law, Faurecia and Group financial statements are certified by two audit firms which undertake a joint review of the full accounts, the procedures used for preparing them, and also certain Group internal control processes for preparing accounting and financial information. Backed by members of their networks in each of the Group's host countries, these two audit firms perform statutory or contractual audit engagements for all of the Group's fully consolidated companies. Their mission does not directly involve them in internal control or risk management. They take note of them, make use of Internal Audit and internal control reports to improve their understanding of them, and give a wholly independent opinion on their relevance. They present a report including their comments on the Chairman's report regarding internal control procedures for preparing and processing financial and accounting data and certify that other disclosures required by law have been made;
- third-party organizations which carry out the following certification processes for the entire Group over a three-year cycle:
 - environment (ISO 14001);
 - quality (ISO/TS);
- engineers from fire and property insurance companies who conduct a biennial audit on each of the Group's sites to:
 - assess fire risks and any potential impact on production and customers,
 - assess whether the prevention and protection measures in place are adequate,
 - issue recommendations to reduce risks.

9.4.4. DESCRIPTION OF INTERNAL CONTROL PROCEDURES

Internal control relies on a set of principles and procedures: the Group's culture Being Faurecia, that is based on six key values and on the Code of Ethics and the Management Code, and the Faurecia Excellence System (FES) which is the operational focus, defining the manner in which the Group's employees work throughout the world and structuring the Group's identity.

The documentation on which the internal control system is based, is made up of the following items, which can all be accessed on the Group's intranet:

- the Code of Ethics and the Management Code;
- Manager Empowerment which defines the six general principles for managers in certain key areas: Acquire a new program; Assess Managers and Professionals Decide on Capital Expenditures; Decide on Exceptional Items; Manage Managers and Professionals Compensation; Staff Managers and Professional positions;
- the Faurecia Core Procedures (FCP) are set out within nine processes developed by each Group division respecting a common general framework and apply to all subsidiaries controlled by the Group. They are regularly updated and continually enhanced. Each one has been or will be the subject of regular self-evaluations.

The nine processes are as follows:

- Production Control and Logistics which defines the various production process stages in the factories: preparing for the start-up of new programs or units, planning and controlling the production process, and managing flows,
- Purchasing which covers processes set up with the Group's suppliers with a view to building a sustainable relationship based on excellence,
- Quality and HSE which addresses quality and health and safety of policies,
- PMS (Program Management System) and Engineering which defines the operating rules related to programs, including the different development phases and conditions of transition from one phase to the next,
- Sales and Marketing which includes the procedures to define product offerings and the innovation policy to develop relationships with Group customers and the "Order to Cash" process (customer order processing, monitoring sales prices, manufacturing processes, recovery, processing self-invoicing),
- Communication which defines the principles of external and internal communication,

- Finance which sets a common framework for all Group entities in relation to issues such as financial control, setting objectives and drawing up strategic plans,
- Human Resources which addresses all aspects of Human Resources management,
- Information Technology which deals with all aspects of information systems management (network security, physical and logical access security, installing new software, governance, etc.);

- Faurecia's Alert Management System (AMS) immediately informs Business Group management teams and, according to importance, the Group Executive Committee of any problems encountered in production and program management. This system also ensures a prompt and structured response including problem solving which the organization capitalizes.

The controls implemented in certain key areas are described below.

The financial risks associated with climate change and the measures taken by the Company to reduce them by implementing a low-carbon strategy in all components of its business are described in Sections 4.4 and 8.1 of the Registration Document.

9.4.4.1. Monitoring respect for values within the Group

The Faurecia group is deeply committed to respecting the values of accountability, integrity, and ethical conduct. The Code of Ethics is an integral part of the FCPs. This Code defines the general rules on ethical behavior applicable on a day-to-day basis to all of Faurecia's employees in their relations both inside and outside the Group and with the Group's partners. The Code also describes how the Group seeks to implement its values of respecting customers, shareholders, the people it works with, and the environment. In addition to strengthening the measures already in place, the Code provides for an internal whistle-blowing procedure enabling employees to notify Faurecia of any breaches of the law or the Group's procedures. An external whistle-blowing procedure, accessible to all persons who are aware of matters that constitute serious risks for the Group in terms of accounting, financial auditing, and anticorruption, has also been implemented. This procedure allows Faurecia to refer to an independent organization which receives and performs the initial processing provided for in whistle-blowing procedures. If circumstances warrant, the organization contacts the Faurecia group's Chief Executive Officer who can ask the Group's Chief Compliance Officer to carry out the necessary investigations.



The Code of Ethics has been widely distributed throughout the Group, notably via the intranet, to ensure that all employees can access it and comply with it at all times and in all circumstances. The Code is intended to develop a sense of responsibility and to involve Group employees in the development of ethical values. During Internal Audits, auditors systematically check that everyone is familiar with the Code at factory level.

9.4.4.2 Quality and Safety management of industrial processes, R&D and products

The Faurecia group manages quality and safety process and product risks from new order acquisition phases to manufacturing in the factories. The quality and safety function guarantees this management at all stages of the process. It is present at all levels of organization from the multidisciplinary team developing new programs or the production site up to the Group's management structure.

Specific indicators with monthly reports assess the risks, generate improvement plans, and mainstream actions to prevent major risks at all levels of organization. Every year, annual safety targets are set to further reduce the risks of accidents and quality and to meet customer needs as expressed in the measurement of the performance of their suppliers and operational efficiency.

For major problems, the AMS alert system must be used.

A structured problem solving culture (immediate response within 24 hours and identification of root technical and management causes, Alert Closure) is constantly being developed by Faurecia's management: QRCI (Quick Response Continuous Improvement). Initially deployed to professionally handle quality problems, it has been extended to all opportunities to improve business operations, programs, HSE, scrap, inventory, deliveries, etc.

The Group's quality management has a structure of reviewers that is independent to Business Group operations organizations to conduct reviews on both production sites and R&D centers. They use a precise and rigorous questionnaire to assess the application and maturity of the FES's implementation. Assessment guidelines and Group procedures are regularly updated to reflect the changing needs of customers and weaknesses identified in the organization.

Each production site is rated either "Poor/Satisfactory/Excellent/Benchmark". If a site is rated "Poor", it is required to prepare a corrective action plan which is presented directly to Faurecia's CEO with a view to reaching a "Satisfactory" level within a maximum of three months.

The Group's Quality department also conducts assessments and/or provides specific coaching in case of significant deviations

in quality performance on the affected sites and a report and corrective action plan are submitted to Executive Management.

9.4.4.3. Information systems management

To constantly improve the information system, in 2007, the Group implemented an integrated management software package based on the SAP solution (Faurecia Core System) which is installed across almost all the Group's entities (see details in Section 9.4.5). This software package as well as the associated procedures meet the needs and constraints of the local entities as well as those of the Group while guaranteeing the integrity and traceability of the accounting and financial data. A specific project to control the separation of tasks for all entities and areas was deployed during 2016. Preventative and subsequent controls are carried out using this software primarily in order to manage access to sensitive data and ensure strict separation of functional tasks.

In addition to this software, Faurecia also uses the Hyperion application to consolidate financial data to have a complete and uniform picture of the accounting and financial data.

Annual reviews are conducted on the IT and functional environment of these two applications by Ernst & Young Audit and PricewaterhouseCoopers Audit, Faurecia's Statutory Auditors. This review covers access to the applications and data, change and project management as well as operations management.

All projects regarding information systems are subject to a specific methodology (PRMS for "Program Reporting Management System") to ensure regular control and monitoring of the projects associated with the strong governance principles and the appropriate tools.

In addition, particular attention is paid to the security and associated processing of computer data. The IT organization endeavors to constantly improve the levels of controls in order to guarantee in particular:

- protection against unauthorized access to connection applications;
- necessary controls to ensure confidentiality and integrity of data;
- the security and restoration if necessary of the data circulating within the information system;
- a separation of responsibilities between network administration, application development and server management;
- the availability of the services and systems.

9.4.4.4. Program control

Program control measures are subject to specific procedures. Each contract signed with a customer represents a program and corresponds to a project which:

- responds to Request for Quotation issued by an automaker for the supply of complex automotive equipment;
- meets set quality, cost, and timeframe objectives;
- meets financial performance targets set by the Group.

The life of a program can stretch to ten years, from the beginning of the development phase (acquisition and industrialization phases) to the end of series life (production).

Every program is subject to control procedures and tools throughout its life. The Program Management Core System (PMCS) lays out a strict succession of steps for the entire duration of a program, from bid processing to the end of product life. Program reviews are carried out monthly within each Division and Business Group to define and monitor action plans.

For each program:

- a prospective financial analysis is carried out in the form of a Business Plan regularly updated from the bid phase to the end of product life, which provides profitability indicators for the program over its life cycle;
- monthly indicators to measure its operating and financial performance are monitored. Each of these indicators is then consolidated by the Group;
- from the AMS (Alert Management System) as described in Section 9.4.4 to identify potential significant program deviations and monitor their resolution;
- from reviews at each phase of development, Gate Review, by the Program Review Committee and throughout the entire program following the process defined by the PMCS.

Each development center is also audited biannually by the Group on a representation sample of programs at different stages of development to formally evaluate the compliance of the PMCS.

Due to numerous program launches in 2016 and 2017, a specific action plan has been implemented involving an assessment of all future Group projects to identify potential risks, and a reinforcement of the existing alert system within the Group.

9.4.4.5. Production and Supply Chain control

The Faurecia group includes over 250 industrial sites throughout the world. Each site is part of a Division, which is part of one of the Business Groups. At each level (site/Division/BG), the Site or Operations Director is responsible for the production process,

which is also supervised by Production Control and Logistics Directors ("PC&L Directors/Managers"), more specifically responsible for the compliance and optimization of physical flow management (procurement, inventories, deliveries). Their task is to achieve the objectives set out in the strategic plan and annual budgets, as well as the principles of excellence described in the FES and the internal control guidelines.

More specifically, their mission consists of:

- ensuring production in accordance with the quality, cost, lead time requirements of Lean Manufacturing;
- managing production personnel in accordance with the "Being Faurecia" principles (autonomy and responsibility);
- managing production using ERP;
- using inventory reduction as a driver for continuous improvement;
- optimizing upstream and downstream flow transportation by taking advantage of the Group's international dimension;
- ensuring inventory reliability by deploying rotating inventories and identifying then reducing inventory discrepancies according to the QRCI method described above.

They are provided with monthly (and even daily or weekly) performance indicators.

Internal control is systematically assessed for compliance with the "Being Faurecia", inventory management and transportation principles during each site audit. In addition, the actors have a constantly changing self-assessment questionnaire in this area at their disposal.

9.4.4.6. Internal control procedures for the preparation and processing of accounting and financial information

PRINCIPLES APPLIED TO THE PREPARATION OF FINANCIAL STATEMENTS

The Board of Directors is collectively responsible for publishing reliable financial and accounting information.

The Board of Directors' Audit Committee studies and prepares some of the Board's deliberations. It issues proposals, opinions, and recommendations within its field of competence. The Committee only has a consultative role and acts under the authority of the Board of Directors to which it reports whenever necessary and for which it cannot serve as a substitute.

In general, the Committee reviews, when necessary, any financial or accounting matter submitted to it by the Chairman of the Board of Directors.



It has the specific task of examining the annual and interim parent company and consolidated financial statements for the Faurecia group and reporting to the Board of Directors on the audit mission results, the way in which this mission contributed to the integrity of the financial information and the role that the Committee played in this process.

Executive Management specifically relies on input from the Accounting, Consolidation, Financial Control, and Financial Communications departments.

The Financial Control department prepares monthly consolidated financial statements as well as interim and annual financial information to be published. It ensures that local financial managers properly prepare parent company financial statements in compliance with local regulations. It defines the Group's accounting principles in accordance with IFRS and sees that all subsidiaries follow them. It also prepares Faurecia's financial statements.

Internal control procedures required to produce reliable accounting data are implemented at Group level and if required, locally, to ensure compliance with the accounting and tax rules applicable in each country. Among others, these include physical inventory taking at least once a year and the separation of tasks. The accounting data submitted by each subsidiary is prepared in accordance with the standards set by Group and published as FCPs, which themselves comply with IFRS guidelines.

The following principles are implemented across the Group to prepare financial statements:

- completeness of transaction processing;
- transaction compliance with applicable accounting principles;
- periodic review of assets.

The volume of information involved, the quality and integrity required to process the information, and ever-tighter financial reporting deadlines enabling management to respond quickly and efficiently control operations require the use of effective information systems. Faurecia implemented a Group ERP system built on SAP in 2007 which is now rolled out across all of the Group's accounting platforms and continues to be progressively rolled out across the various Group sites.

The Group's financial statements are prepared using information from each subsidiary which has been entered into the HFM reporting and consolidation system. Each subsidiary's accounting information comprises income statements prepared by nature and destination, a breakdown by business segment, an analysis of current and deferred taxes, a balance sheet, a cash flow statement, and a statement of commitments and contingent liabilities.

Inter-company transactions are entered and reconciled in the HFM reporting tool every month.

The Finance department also uses short and medium term forecasts to verify the value of cash generating units, actuarial reports to assess commitments to employees and retirees, and fair-value measurements of derivative financial instruments confirmed by the Group's banking counter-parties.

For each subsidiary, the head of accounting and the financial controller have access to all the information they require to prepare accurate financial statements in compliance with local standards for statutory financial statements and with Group standards for reporting.

At every interim and annual close, the head accountant is required to prepare an IFRS/local standard compliant reconciliation for equity and profit and loss for each subsidiary.

Instructions are sent to the accountants and financial controllers specifying the closing procedures to be followed every month. Training on reporting tools are regularly provided to newly recruited accounting and financial staff.

OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments are handled in accordance with a specific identification and valuation process.

Each commitment is tracked by nature. Currency and interest-rate risks as well as inter-company financing in foreign currencies are managed at Group-level under the supervision of the Finance department and, if necessary, are subject to hedging. Similarly, any sureties or guarantees granted by Faurecia S.A. are issued and monitored at Group level.

IDENTIFICATION AND ANALYSIS OF RISKS IMPACTING ACCOUNTING AND FINANCIAL INFORMATION

The preparation of full monthly financial statements greatly reduces risks at interim and annual closes, particularly regarding meeting financial reporting deadlines. Any problems are anticipated, inter-company accounts are reconciled each month, specific transactions are accounted for without waiting for the yearly close, and tax calculations are regularly substantiated.

The preparation and review of monthly financial statements and reconciling them with the budget allows each entity to detect any anomalies in the accounts, such as in relation to inventories or cash flows. Implemented in tandem with specific procedures, this process is intended to reduce the risk of errors and fraud.

"HARD CLOSE" PROCEDURE

A hard close is carried out on October 31 every year for interim accounts to anticipate, assess, and validate the main accounting options to be implemented for the yearly close. Similarly, a hard close is carried out in May to anticipate the close for interim financial statements on June 30.

ACCOUNTING AND FINANCIAL CONTROL TOOLS

The Group has drawn up procedures for preparing and processing financial and accounting information. These procedures comply with applicable accounting principles and are available on the Group's intranet as FCPs. The following figure among the most important procedures:

- a capital expenditure authorization procedure to determine capital spending criteria and name authorized signatories who can commit the Company for amounts up to pre-defined thresholds;
- an authorization procedure for capital increases, capital injections, acquisitions of shareholdings, and intra-group loans;
- a procedure for drafting Program Business Plans;
- a procedure for the acquisition of new programs;
- a procedure for consolidating financial statements.

ORGANIZATION OF ACCOUNTING AND FINANCIAL SERVICES

The Group Finance department is responsible for drawing up rules and procedures as well as for the consolidation, Internal Audit and management of the Group's cash position and financing.

The Country or Regional Chief Financial Officers that manage the shared accounting service centers are responsible for:

- the production of the financial and accounting statements for all the units within their scope, in compliance with IFRS and local standards and the closure dates defined by the Group;
- compliance with and improvement to the internal control procedures;
- strengthening the role and skills of the accounting function;
- improving the effectiveness of information systems;
- close collaboration with operational sites within their scope in order to work with them to solve internal control issues and to improve the overall effectiveness of the financial process.

To date, only a few sites remain autonomous for the production of their financial statements (Terni in Italy, Kuala Lumpur in Malaysia, a joint venture in Iran and two factories in China), but these report to a regional accounting center which controls their operations through reinforced balance sheet reviews.

Internal and financial controllers are stakeholders in the Group's strategy and sales, R&D and industrial activities at all levels and report to site, Division and BG managers. Through their function, they are stakeholders in the definition and achievement of the operational objectives.

This organization between, on the one hand, shared services responsible for producing the financial statements and complying with the standards, and on the other, the controllers considered as co-pilots for the management of operational entities, enables a real separation of tasks and a better development of skills in each role, resulting in better overall effectiveness and improvements to internal control.

FINANCE AND ACCOUNTING REPORTING PROCESS

The reporting processes are intended to provide systems for informing and steering the Group and ensuring maximum effectiveness in risk management (identification, reactivity, prevention). A "reporting glossary" describes the content of all reporting data and procedures explains how reporting should be conducted.

The HFM consolidation system provides for the reporting of both financial information (income statement and balance sheet data) and non-financial information (such as indicators relating to quality, production, purchasing, safety, Human Resources, etc.).

The results consolidation process is secured by applying blocking controls upstream in reporting documents and intermediate controls related to the structure of the reporting system at Group level.

Monthly reporting data includes estimated sales and operating results for each business unit within three days of the month-end as well as definitive data four days after month-end prepared in accordance with Group standards. Every month, the Operations Committee reviews the operating performance and action plans of each Business Group.

BUDGET AND STRATEGIC PLAN

As Faurecia's contracts span several years, it requires a medium-term overview of its financial position to effectively manage risks. The Group draws up a five-year plan each year, in which programs play an essential role, for this purpose. This plan helps clarify the Group's outlook in terms of profitability and required resources. It is consolidated using the same tool and applying the same stringent procedures as for monthly reporting and it is also used to define budgetary targets. The Group Finance department provides economic and financial assumptions and sets specific objectives for each operating unit to be used in the budget. The annual budget is developed by production site, R&D center, and administrative center. It is then broken down into monthly periods using standard schedules and then consolidated.

In order to effectively anticipate short-term changes and improve responsiveness, monthly reporting includes a rolling forecast for the income statement and cash flow statement for the current and subsequent quarters.



FINANCIAL PRESS RELEASES, ANNUAL REPORT, AND REGISTRATION DOCUMENT

The Group's Finance and Communications departments are responsible for drawing up and relaying all of the Group's financial information to the financial markets. Financial communication is transmitted through two main vehicles:

- the annual report and the Registration Document;
- financial press releases.

Preparation of the annual report, which also serves as the Registration Document, is coordinated by the Legal department. A large number of people who are experts in their field contribute to the process ensuring that the document contains broad-ranging and high-quality information. The Registration Document is then reviewed and approved by the Board of Directors before it is published.

Financial press releases are systematically reviewed by the Finance department and announcements on the annual and interim accounts and quarterly revenue are also approved by the Board of Directors.

9.4.5. THE INTERNAL CONTROL IMPROVEMENT PROCEDURE WITHIN FAURECIA

During the year the Group continued to improve its internal control procedures:

- shared accounting services are now under the responsibility of the Regional Chief Financial Officers (South Europe, North Europe, North America, South America, Asia, South Africa) which cover the Group's full geographical scope;
- at the end of 2016, the FCS (ERP SAP) management system was rolled out on 94% of the operational and central sites (with 100% of R&D centers and administrative headquarters), thus ensuring quality, uniform administrative, accounting, financial and flow management processes throughout the Group and optimizing the separation of tasks;
- during 2016, all indirect production purchases under €50k were sub-contracted throughout the world (with the exception of China, India and Russia) to an external service provider to make management of the supplier panel more rigorous and guarantee the reception of one, two or three quotes depending on the purchase amounts;
- a multi-disciplinary working group "Procure to Pay" was created during 2016 to identify recurring internal control process failures (management of Master Data, absence of EDI, errors in data, absence of back-office purchasing, etc.) and to define, then deploy a corrective action plan;
- another working group has undertaken to provide a precise description of the tasks in the "Order to Cash" process, stating the respective responsibilities of each department (sales, sales administration, customer accounts, management control, logistics). This group has also covered all aspects of customer self-billing, both for tools and management and reporting methods required to manage it, leading to the

standardization of procedures, the publication of procedures and training documents, and wide-scale training for all actors involved by the end of March 2017 at the latest;

- to limit the possibility of fraud, the procedures for modifying Group supplier bank accounts have been reinforced;
- at the same time, other tools and processes to improve internal control have been and/or will continue to be set up:

- secure payments which from their generation in FCS to the bank concerned must simultaneously fulfill two criteria: on the one hand, the protection of files in transit and on the other, data encryption. These two criteria must now be simultaneously fulfilled across the Group with the exception of:
 - Spain, Portugal, Korea, Brazil, Thailand and South Africa that do not fulfill the second criterion of data encryption,
 - Turkey and Japan that fulfill neither criteria.

All these shortcomings will be corrected during 2017,

- an FCS module to selectively monitor certain transactions carried out in the tool was activated with computer populations likely to conduct sensitive transactions from time to time (supplier invoices, payment, etc.) on behalf of users,
- a tool to optimize the management of the SOD (Segregation of Duties) matrix and the roles of users in FCS was rolled out in 2016 and has significantly reduced the number of conflicts with the principles of task separation,

- a GRC (Governance, Risk and Compliance) application entered into production at the start of 2016, which includes:
 - a secure "Internal Audit" module (mission planning, preparation, execution),
 - an "Internal Control" module (managing questionnaires and self-evaluation campaigns, harnessing results, monitoring action plans),
- a new generation IAM (Identity Access Management) tool to centralize access rights and profile management impacting multiple applications entered into production in 2016,
- the self-evaluation campaigns conducted in 2015 (inventories, sales, purchasing, payroll) were completed in 2016 by the following cycles: assets, inventories (new campaign), standard costs, then in 2017 by IT management, R&D and program management, accounting and financial reporting. Thanks to the new GRC tool described above, improvement plans resulting

from these campaigns can now be consulted on-line by the internal controller network,

- numerous videos, questionnaires and training tutorials ("MOOC") can be consulted now or in the near future on the Faurecia University intranet site. Training with some of these MOOC (up to the certification) is or will be made compulsory by the Executive Management once they are available on-line:
 - Code of Ethics: already on-line and compulsory for all managers,
 - internal control principles (twelve videos): on-line at the end of 2016 and compulsory for all managers,
 - antitrust: on-line at the beginning of 2017 and compulsory for all sales, purchasing and program managers,
- the responsibility for managing the sites, divisions and network of internal auditors were reinforced in 2016 with respect to the figures given for internal control for all sites.



9.5. Statutory Auditors' Report, drawn-up in accordance with Article L. 225-235 of the French Code of commerce, on the report of the Chairman of Faurecia's Board of Directors

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Faurecia and in accordance with Article L. 225-235 of the French Code of commerce (*Code de commerce*), we hereby report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Code of commerce (*Code de commerce*) for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures implemented by the Company and to provide the other information required by Article L. 225-37 of the French Code of commerce (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- confirm that the report also includes the other information required by Article L. 225-37 of the French Code of commerce (*Code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Code of commerce (*Code de commerce*).

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French Code of commerce (*Code de commerce*).

Neuilly-sur-Seine and Paris-La Défense, April 21, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit
Éric Bertier

ERNST & YOUNG Audit
Valérie Quint

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Consolidated financial statements

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10.1.Consolidated statement of comprehensive income

(in € millions)	Notes	2016	2015
SALES	4	18,710.5	18,770.4
Cost of sales	5	(16,784.6)	(17,024.8)
Research and development costs	5	(289.5)	(278.4)
Selling and administrative expenses	5	(666.2)	(637.2)
OPERATING INCOME	4	970.2	830.0
Other non-operating income	6	7.0	10.9
Other non-operating expenses	6	(112.8)	(76.2)
Income on loans, cash investments and marketable securities		11.4	12.1
Finance costs		(150.5)	(173.6)
Other financial income and expenses	7	(23.3)	(45.2)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		702.0	558.0
Taxes	8	(189.2)	(185.7)
<i>of which deferred taxes</i>	8	32.6	(20.3)
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		512.8	372.3
Share of net income of associates	13	19.7	12.8
NET INCOME FROM CONTINUED OPERATIONS		532.5	385.1
NET PROFIT FROM DISCONTINUED OPERATIONS		188.3	60.8
CONSOLIDATED NET INCOME (LOSS)		720.8	445.9
Attributable to owners of the parent		637.8	371.8
Attributable to minority interests	23	83.0	74.1
Basic earnings (loss) per share (<i>in €</i>)	9	4.65	2.98
Diluted earnings (loss) per share (<i>in €</i>)	9	4.65	2.97
Basic earnings (loss) from continued operations per share (<i>in €</i>)	9	3.28	2.49
Diluted earnings (loss) from continued operations per share (<i>in €</i>)	9	3.28	2.48
Basic earnings (loss) from discontinued operations per share (<i>in €</i>)	9	1.37	0.49
Diluted earnings (loss) from discontinued operations per share (<i>in €</i>)	9	1.37	0.49

OTHER COMPREHENSIVE INCOME

(in € millions)	Notes	2016	2015
CONSOLIDATED NET INCOME (LOSS)		720.8	445.9
Amounts to be potentially reclassified to profit or loss		34.0	47.7
Gains (losses) arising on fair value adjustments to cash flow hedges		(0.9)	0.7
<i>of which recognized in equity</i>		1.7	(0.2)
<i>of which transferred to net income (loss) for the period</i>		(2.6)	0.9
Exchange differences on translation of foreign operations		34.9	47.0
AMOUNTS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS		(27.5)	28.4
Actuarial gains/(losses) on post employment benefit obligations	25	(27.5)	28.4
Other comprehensive income from discontinued operations		(8.3)	9.8
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		719.0	531.8
Attributable to owners of the parent		638.5	456.9
Attributable to minority interests		80.5	74.9



10.2.Consolidated balance sheet

ASSETS

(in € millions)	Notes	2016	2015
Goodwill	10	1,217.7	1,209.8
Intangible assets	11	1,107.7	935.0
Property, plant and equipment	12	2,468.2	2,247.3
Investments in associates	13	130.7	111.5
Other equity interests	14	67.1	15.6
Other non-current financial assets	15	66.7	69.4
Other non-current assets	16	43.0	36.5
Deferred tax assets	8	266.2	215.6
TOTAL NON-CURRENT ASSETS		5,367.3	4,840.7
Inventories, net	17	1,264.0	1,105.2
Trade accounts receivables	18	1,652.1	1,696.9
Other operating receivables	19	269.8	253.9
Other receivables	20	426.8	316.5
Other current financial assets		2.2	6.8
Cash and cash equivalents	21	1,562.2	932.5
TOTAL CURRENT ASSETS		5,177.1	4,311.8
Assets held for sale	2	0.0	613.4
TOTAL ASSETS		10,544.4	9,765.9

LIABILITIES

(in € millions)	Notes	2016	2015
EQUITY			
Capital stock	22	966.3	960.4
Additional paid-in capital		632.8	621.9
Treasury stock		(25.7)	(1.3)
Retained earnings		500.0	241.4
Translation adjustments		230.8	203.4
Net income (loss)		637.8	371.8
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS		2,942.0	2,397.6
Minority interests	23	215.1	211.9
TOTAL SHAREHOLDERS' EQUITY		3,157.1	2,609.5
Non-current provisions	25	399.7	344.1
Non-current financial liabilities	26	1,594.0	966.2
Other non-current liabilities		1.7	1.6
Deferred tax liabilities	8	14.2	11.1
TOTAL NON-CURRENT LIABILITIES		2,009.6	1,323.0
Current provisions	24	221.1	188.4
Current financial liabilities	26	311.9	918.9
Prepayments from customers		155.1	125.9
Trade payables		3,733.3	3,449.7
Accrued taxes and payroll costs	27	579.1	539.0
Sundry payables	28	377.2	235.7
TOTAL CURRENT LIABILITIES		5,377.7	5,457.6
Liabilities linked to assets held for sale	2	0.0	375.8
TOTAL EQUITY AND LIABILITIES		10,544.4	9,765.9



10.3.Consolidated cash flow statement

(in € millions)	Notes	2016	2015
I - OPERATING ACTIVITIES			
Operating income (loss)		970.2	830.0
Depreciations and amortizations of non-current assets		669.1	611.8
EBITDA		1,639.3	1,441.8
Operating current and non-current provisions		25.5	31.8
Capital (gains) losses on disposals of operating assets		10.3	5.6
Paid restructuring		(63.5)	(77.0)
Paid finance costs net of income		(132.0)	(208.0)
Other income and expenses paid		15.7	(28.5)
Paid taxes		(257.7)	(219.1)
Dividends from associates		18.1	16.1
Change in working capital requirement		162.5	153.0
Change in inventories		(151.0)	(112.3)
Change in trade accounts receivables		6.5	(74.3)
Change in trade payables		268.6	263.7
Change in other operating receivables and payables		68.3	73.9
Change in other receivables and payables (excl. tax)		(29.9)	2.0
OPERATING CASH FLOWS FROM DISCONTINUED OPERATIONS		(121.5)	133.5
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		1,296.7	1,249.2
II - INVESTING ACTIVITIES			
Additional property, plant and equipment	12	(637.6)	(620.8)
Additional intangible assets	11	(0.4)	(1.9)
Capitalized development costs	11	(406.9)	(308.9)
(Acquisition)/disposal of equity interests and businesses (net of cash and cash equivalents)*		532.5	(30.9)
Proceeds from disposal of property, plant and equipment		27.0	15.3
Proceeds from disposal of financial assets		0.0	0.0
Change in investment-related receivables and payables		55.9	36.8
Other changes		(0.9)	(27.3)
INVESTING FLOWS PROVIDED/(USED) BY DISCONTINUED OPERATIONS		(53.5)	(65.0)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		(483.9)	(1,002.7)
CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)		812.8	246.5
III - FINANCING ACTIVITIES			
Shares issued by Faurecia and fully consolidated companies (net of costs)		3.2	29.1
Option component of convertible bonds		0.0	0.0
Dividends paid to owners of the parent company		(88.8)	(12.8)
Dividends paid to minority interests in consolidated subsidiaries		(76.2)	(64.5)
Other financial assets and liabilities		0.0	0.0
Debt securities issued and increase in other financial liabilities**		710.2	933.1
Repayment of debt and other financial liabilities		(720.7)	(1,195.0)
FINANCING FLOWS PROVIDED/(USED) BY DISCONTINUED OPERATIONS		(8.6)	(38.2)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		(180.9)	(348.3)
IV - OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents		(4.8)	20.7
Net cash flows from discontinued operations		2.6	(3.3)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		629.7	(84.4)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		932.5	1,016.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,562.2	932.5

* Of which sale of Faurecia Automotive Exteriors (see Note 2.1).

** Mainly new bonds amounting to €700 million (see Note 26.3).

The net cash flow amounts to €458.5 million as of December 31, 2016 (see Note 21).

10.4. Consolidated statement of changes in equity

(in € millions)	Number of shares ⁽¹⁾	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings and net income (loss) for the period	Valuation adjustments					Total	
						Translation adjustments	Cash flow hedges	Actuarial gains/ (losses) on post employment benefit obligations	Equity attributable to owners of the parent	Minority interests		
Restated equity as of January 1, 2015 before appropriation of net income (loss)	123,925,210	867.5	430.9	(1.7)	394.9	145.0	(6.4)	(107.2)	1,723.0	159.9	1,882.9	
Net income (loss)					371.8				371.8	74.1	445.9	
Other comprehensive income						56.7	0.7	27.7	85.1	0.8	85.9	
Comprehensive income restated					371.8	56.7	0.7	27.7	456.9	74.9	531.8	
Capital increase ⁽²⁾	13,267,568	92.9	162.2							255.1	32.2	287.3
2014 dividends					(43.4)				(43.4)	(55.8)	(99.2)	
Measurement of stock options and free share grant					9.9				9.9		9.9	
Purchases and sales of treasury stock				0.6					0.6		0.6	
Changes in scope of consolidation and other		28.8			(35.0)	1.7			(4.5)	0.7	(3.8)	
Shareholders' equity as of December 31, 2015 before appropriation of net income (loss)	137,192,778	960.4	621.9	(1.1)	698.2	203.4	(5.7)	(79.5)	2,397.6	211.9	2,609.5	
Net income (loss)					637.8				637.8	83.0	720.8	
Other comprehensive income						30.6	(0.9)	(29.0)	0.7	(2.5)	(1.8)	
Comprehensive income					637.8	30.6	(0.9)	(29.0)	638.5	80.5	719.0	
Capital increase ⁽³⁾	843,023	5.9	10.9						16.8	1.8	18.6	
2015 dividends ⁽⁴⁾					(88.8)				(88.8)	(80.0)	(168.8)	
Measurement of share-based payments					17.8				17.8		17.8	
Purchases and sales of treasury stock			(24.6)		(0.1)				(24.7)		(24.7)	
Changes in scope of consolidation and other					(12.0)	(3.2)			(15.2)	0.9	(14.3)	
Shareholders' equity as of December 31, 2016 before appropriation of net income (loss)	138,035,801	966.3	632.8	(25.7)	1,252.9	230.8	(6.6)	(108.5)	2,942.0	215.1	3,157.1	

(1) Of which 21,888 as of December 31, 2015 and 807,216 as of December 31, 2016 – See Note 9.

(2) Capital increase arising mainly from the payment of dividends in shares and from the conversion of convertible bonds for the equity attributable to owners of the parent.

(3) Capital increase arising mainly from the conversion of convertible bonds at the beginning of 2016 for the equity attributable to owners of the parent.

(4) For equity attributable to owners of the parent, dividends paid exclusively in cash.



10.5. Notes to the consolidated financial statements

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Faurecia S.A. and its subsidiaries ("Faurecia") form one of the world's leading automotive equipment suppliers in three vehicle businesses: Seating, Clean Mobility and Interiors.

Faurecia's registered office is located in Nanterre, in the Hauts-de-Seine department of France. The Company is quoted on the Eurolist market of Euronext Paris.

The consolidated financial statements were approved by Faurecia's Board of Directors on February 8, 2017.

The accounts were prepared on a going concern basis.

NOTE 1**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Faurecia group have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the IASB, as adopted by the European Union and available on the European Commission website:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

These standards include International Financial Reporting Standards and International Accounting Standards (IAS), as well as the related International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The standards used to prepare the 2016 consolidated financial statements and comparative data for 2015 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2016, whose application was mandatory at that date.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below.

Since January 1, 2016 Faurecia has applied the amendments to standards IAS 1, IAS 16, IAS 38 and IFRS 11 and the amendments and revisions to the existing standards which have no impact on the consolidated financial statements.

However, Faurecia has not undertaken any early application of the new standards, amendments or interpretations whose application is mandatory from December 31, 2016, irrespective of whether or not they are adopted by the European Union. The impact analysis of these standards and amendments is in progress.

In particular, as regards IFRS 15, Faurecia carries out an in depth analysis of contracts and sales transactions in order to identify and assess any change to the presentation of the sales figure and the rules for recognition over time. As regards IFRS 16 and IFRS 9, analyses are in progress to identify the impact of the standards.

On the basis of the analysis related to IFRS 15, Faurecia should operate as an agent for monoliths sales.

Indeed, these components are used in catalyst and their technical specifications are directly settled between automaker and monoliths producer. Thus, they are bought by Faurecia to be integrated to emission control systems sold to automakers without added value. So Faurecia would operate as an agent, then monolith sales would be recorded at net value in the income and total sales would be only added-value sales, as defined by Faurecia.

The accounting principles applied are given in each note hereafter.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions when measuring certain assets, liabilities, income, expenses and obligations. These estimates and assumptions are primarily used when calculating the impairment of property, plant and equipment,

intangible assets and goodwill, as well as for measuring pension and other employee benefit obligations. They are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions.

The results of the sensitivity tests performed on the carrying amounts of goodwill and provisions for pensions and other employee benefits are provided in Notes 10 "Goodwill" and 25.2 "Provisions for pensions and other post-employment benefits", respectively. In addition, Note 11 "Intangible Assets" describes the main assumptions used for measuring intangible assets.

1.A Consolidation principles

Companies over which the Group exercises significant influence and which are at least 20%-owned are consolidated where one or more of the following criteria are met: annual sales of more than €20 million, total assets more than €20 million, and/or debt more than €5 million.

Non-consolidated companies are not material, either individually or in the aggregate.

Subsidiaries controlled by the Group are fully consolidated. Control is presumed to exist when the Group holds more than 50% of a company's voting rights, and may also arise as a result of shareholders' agreements.

Subsidiaries are fully consolidated as of the date on which control is transferred to the Group. They are no longer consolidated as of the date that control ceases.

Companies over which the Group exercises significant influence but not control, generally through a shareholding representing between 20% and 50% of the voting rights, are accounted for by the equity method.

The Faurecia group's financial statements are presented in euros.

The functional currency of foreign subsidiaries is generally their local currency. The assets and liabilities of these companies are translated into euros at the year-end exchange rate and income statement items are translated at the average exchange rate for the year. The resulting foreign exchange gains and losses are recorded in equity.

However, certain companies located outside the euro or the US-dollar zone and which carry out the majority of their transactions in euros or US dollars may, however, use euros or US dollars as their functional currency.

All material inter-company transactions are eliminated in consolidation, including inter-company gains.

The accounting policies of subsidiaries and companies accounted for by the equity method are not significantly different from those applied by the Group.



1.B Recent events

2023 BONDS ISSUE

On April 1, 2016, Faurecia issued bonds for an amount of €700 million due June 15, 2023, carrying annual interest of 3.625%, payable on June 15 and December 15 each year, as from June 15, 2016.

REDEMPTION OF 2016 BONDS

In November 2011 and February 2012, Faurecia had issued €490 million worth of bonds, due December 15, 2016. These bonds carried interest at 9.375% and benefited from a guarantee from certain Group subsidiaries. They were redeemed early ("make-whole") on April 12, 2016 at 106.34% of the par plus

interest accrued at that date, for a total amount of €536 million. This early redemption also eliminated the guarantees on the syndicated credit facility and 2022 bonds.

RENEGOTIATION OF SYNDICATED CREDIT FACILITY

On December 15, 2014 Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, in order to extend the maturity to five years from that date, or June 24, 2021 and improve its terms and conditions.

DIVESTMENT OF FOUNTAIN INN PLANT

Fountain Inn activities for BMW have been sold to Yanfeng Automotive Interiors June 30, 2016. The plant sales were €226 million in 2015 and €115 million in 2016.

NOTE 2

CHANGES IN THE SCOPE OF CONSOLIDATION

2.1 Sale of Faurecia Automotive Exteriors to Plastic Omnium

On July 29, 2016, Faurecia completed the sale to Plastic Omnium of its Automotive Exteriors branch for €665 million (enterprise value).

The divestiture commitment made by Plastic Omnium towards the European Commission did not have any impact on the sale of the business by Faurecia nor on the price of the transaction.

In accordance with the sale and purchase agreement, a procedure for determining any potential price adjustment based on the FAE accounts at closing date is ongoing and is subject to a contradictory expertise initiated by Plastic Omnium.

As at December 31, 2016, the capital gain net of tax has been recorded within "Net profit from discontinued operations".

CAPITAL GAIN ON THE SALE OF AUTOMOTIVE EXTERIORS

In accordance with IFRS 10, the capital gain on the sale of the Automotive Exteriors activity was calculated as the difference between:

- the total transaction price received on closing date minus acquisition variations, transaction costs and future estimated liabilities; and
- the value of Automotive Exteriors' net assets, as recorded in Faurecia's Consolidated Financial Statements as at July 29, 2016.

FINANCIAL STATEMENTS OF DISCONTINUED OPERATIONS

In compliance with IFRS 5, the line "Net profit from discontinued operations" presented in Consolidated Income Statement, amounted to €188.3 million, includes:

- the operations of Automotive Exteriors activities from January 1, 2016 to July 29, 2016 for €39.7 million;
- the capital gain net of tax on the sale with respect to these activities and the incremental costs directly attributable to the disposal for €148.6 million.

Income statement

(in € millions)	2016	2015
SALES	1,116.5	1,921.5
INCOME BEFORE TAX	209.6	79.6
Taxes	(21.3)	(17.6)
Share of net income of equity-accounted investments	0.0	(1.2)
NET PROFIT FROM DISCONTINUED OPERATIONS	188.3	60.8
ATTRIBUTABLE TO OWNERS OF THE PARENT	188.3	60.8

Accounting methods and principles applicable to discontinued operations are identical to those used in annual financial statements.

Balance sheet

The lines "Assets held for sale" and "Liabilities held for sale" report the contribution of discontinued operations at the closing date. All these elements have been integrally transferred as of December 31, 2016.

(in € millions)	2016	2015
Non-current assets	0.0	412.0
Current assets	0.0	201.4
TOTAL ASSETS HELD FOR SALE	0.0	613.4

(in € millions)	2016	2015
Non-current liabilities	0.0	32.9
Current liabilities	0.0	342.9
TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE	0.0	375.8

Cash flow statement

In accordance with IFRS 5, the line "Cash flows from discontinued operations" of the consolidated cash flow statement reports the Automotive Exteriors activity from January 1 to July 29, 2016.

(in € millions)	2016	2015
Operating flows provided/(used) by discontinued operations	(121.5)	133.5
Investing flows provided/(used) by discontinued operations	(53.5)	(65.0)
Financing flows provided/(used) by discontinued operations	(8.6)	(38.2)



2.2 Other change in scope of consolidation in 2016

Within the Automotive Seating consolidation scope, the company Faurecia Automotive Systems Technologies based in Morocco, has been fully consolidated since March 2016, as well as Faurecia (Tianjin) Automotive Systems (China) since July 2016.

The entity Faurecia Automotive Seating Canada merged in Faurecia Emissions Control Technologies Canada in December 2016.

Beijing WKW-FAD Automotive Parts Company Limited, part of the Interior Systems business was created in China and the entity Ligneos was created in Italy. Both are held at 50% by Faurecia and consolidated by equity method.

Within the Clean Mobility consolidation scope, the entities Faurecia Emissions Control Technologies, Novafera GmbH and Faurecia Emissions Control Technologies, Finnentrop GmbH have been merged into Faurecia Emissions Control Technologies, Germany GmbH.

Faurecia Exhaust Systems Qingpu and Faurecia (Jimo) Emissions Control Technologies were created and are held at 100% by Faurecia. Faurecia also acquired shares of OOO Faurecia ADP in Russia and holds 100% of the company.

Faurecia Automotive Seating Korea (Seating), Faurecia Jit And Sequencing Korean (Clean Mobility) and Faurecia Trim Korea (Interior Systems) have been merged into Clean Mobility Faurecia Emissions Control Systems Korea in December 2016.

Changchun Huaxiang Faurecia Automotive Plastic Components has been sold in August. The company was consolidated by equity method.

Fountain Inn activities for BMW have been sold to Yanfeng Automotive Interiors on June 30, 2016. The plant sales were €226 million in 2015 and €115 million in 2016.

2.3 Reminder of change in scope of consolidation introduced in 2015

Automotive Performance Materials (APM), part of the Interior Systems business and held at 50% by Faurecia, has been created in France and is consolidated through equity method since January 2015. In China, Dongfeng Faurecia Automotive Interior Systems Company Limited and Dongfeng Faurecia Automotive Parts Sales Company Limited, held at 50% by Faurecia, are respectively consolidated fully and by the equity method from April 2015. Wuhan Hongtai Changpeng Automotive Components Company Limited, held at 49% by Faurecia, is consolidated through equity method since September 2015.

Following the stop of the restrictions on export to Iran, the impairment of the assets linked to Faurecia Azin Pars has been fully reversed in 2015 in the Automotive Seating business.

Dongfeng Faurecia Automotive Exterior Systems Company Limited, has been created in China and is consolidated through equity method since March 2015 in the Automotive Exterior business.

NOTE 3

EVENTS AFTER THE BALANCE SHEET DATE

No significant post-balance sheet events have occurred.

NOTE 4

INFORMATION BY OPERATING SEGMENT

Following the final agreement for the sale of the Automotive Exteriors business to Plastic Omnium, the Group is now structured into three business units based on the nature of the products and services offered:

- Seating (design and manufacture of complete vehicle seats, seating frames and adjustment mechanisms);

- Clean Mobility (design and manufacture of exhaust systems) which integrated the Composite business (formerly included in the Automotive Exteriors business);
- Interiors (design and manufacture of instrument panels, complete cockpits, door panels and modules, and acoustic systems), including the plant in Hambach.

These business units are managed by the Group on an independent basis in terms of reviewing their individual performance and allocating resources. The tables below show reconciliation between the indicators used to measure the performance of each segment – notably operating income – and the consolidated financial statements. Borrowings, other operating income and expense, financial income and expenses, and taxes are monitored at the Group level and are not allocated to the various segments.

4.1 Accounting principles

Sales are recognized when the risks and rewards incidental to ownership of the modules or parts produced are transferred. This generally corresponds to when the goods are shipped.

For development contracts or the sale of tooling, sales are recognized when the technical stages are validated by the customer. If no such technical stages are provided for in the contract, sales are recognized when the related study is completed or the tooling is delivered.

Operating margin is the Faurecia group's principal performance indicator.

It corresponds to net income of the fully consolidated companies before:

- other operating income and expenses, corresponding to material, unusual and non-recurring items including reorganization costs and early retirement costs, the impact of exceptional events such as the discontinuation of a business, the closure or sale of an industrial site, disposals of non-operating buildings, impairment losses and reversals recorded for property, plant and equipment or intangible assets, as well as other material and unusual losses;
- income on loans, cash investments and marketable securities;
- finance costs;
- other financial income and expenses, which include the impact of discounting the pension benefit obligation and the return on related plan assets, the ineffective portion of interest rate and currency hedges, changes in value of interest rate and currency instruments for which the hedging relationship does not satisfy the criteria set forth in IAS 39, and gains and losses on sales of shares in subsidiaries;
- taxes.



4.2 Key figures by operating segment

2016

(in € millions)	Seating	Clean Mobility	Interiors	Others	Total
Sales	6,621.5	7,300.1	4,840.5	511.1	19,273.2
Inter-segment eliminations	(14.1)	(7.9)	(29.6)	(511.1)	(562.7)
Consolidated sales	6,607.4	7,292.2	4,810.9	0.0	18,710.5
Operating income	343.7	393.8	247.9	(15.2)	970.2
Other non-operating income					7.0
Other non-operating expenses					(112.8)
Finance costs, net					(139.1)
Other financial income and expenses					(23.3)
Corporate income tax					(189.2)
Share of net income of associates					19.7
Net income from continued operations					532.5
Net income from discontinued operations					188.3
NET INCOME (LOSS)					720.8
Segment assets	3,241.7	2,734.1	2,105.9	185.4	8,267.1
Net property, plant and equipment	695.4	846.5	859.3	67.0	2,468.2
Other segment assets	2,546.3	1,887.6	1,246.6	118.4	5,798.9
Investments in associates					130.7
Other equity interests					67.1
Short and long-term financial assets					1,654.9
Tax assets (current and deferred)					424.6
Assets held for sale					0.0
TOTAL ASSETS					10,544.4
Segment liabilities	1,767.6	1,986.8	1,350.2	304.4	5,409.0
Borrowings					1,905.9
Tax liabilities (current and deferred)					72.4
Liabilities linked to assets held for sale					0.0
Equity and minority interests					3,157.1
TOTAL LIABILITIES					10,544.4
Capital expenditure	179.1	215.9	224.0	49.6	668.6
Depreciation of property, plant and equipment	(116.4)	(124.4)	(145.2)	(6.0)	(392.0)
Impairment of property, plant and equipment	(1.7)	(0.5)	(5.3)	0.0	(7.5)
Headcounts	42,123	21,651	32,401	2,433	98,608

2015

(in € millions)	Seating	Clean Mobility	Interiors	Others	Total restated
Sales	6,198.2	7,494.3	5,117.0	482.1	19,291.6
Inter-segment eliminations	(9.7)	(4.0)	(25.4)	(482.1)	(521.2)
Consolidated sales	6,188.5	7,490.3	5,091.6	0.0	18,770.4
Operating income (loss)	304.3	347.1	193.7	(15.1)	830.0
Other non-operating income					10.9
Other non-operating expenses					(76.2)
Finance costs, net					(161.5)
Other financial income and expenses					(45.2)
Corporate income tax					(185.7)
Share of net income of associates					12.8
Net income from continued operations					385.1
Net income from discontinued operations					60.8
NET INCOME (LOSS)					445.9
Segment assets	3,078.9	2,456.8	2,010.7	119.4	7,665.8
Net property, plant and equipment	642.2	743.4	809.4	52.3	2,247.3
Other segment assets	2,436.7	1,713.4	1,201.3	67.1	5,418.5
Investments in associates					111.5
Other equity interests					15.6
Short and long-term financial assets					1,029.3
Tax assets (current and deferred)					330.3
Assets held for sale					613.4
TOTAL ASSETS					9,765.9
Segment liabilities	1,721.1	1,775.8	1,206.4	135.1	4,838.3
Borrowings					1,885.1
Tax liabilities (current and deferred)					57.2
Liabilities linked to assets held for sale					375.8
Equity and minority interests					2,609.5
TOTAL LIABILITIES					9,765.9
Capital expenditure	184.8	203.4	188.8	46.2	623.2
Depreciation of property, plant and equipment	(104.1)	(114.3)	(149.9)	(4.9)	(373.2)
Impairment of property, plant and equipment	(0.7)	0.0	(1.1)	(0.2)	(2.0)
Headcounts	37,419	21,696	34,009	9,745	102,869



Sales by operating segment break down as follows:

(in € millions)	2016	%	2015	%
Seating	6,607.4	35%	6,188.5	33%
Clean Mobility	7,292.2	39%	7,490.3	40%
Interiors	4,810.9	26%	5,091.6	27%
TOTAL	18,710.5	100%	18,770.4	100%

4.3 Sales by major customer

Sales* by major customer break down as follows:

(in € millions)	2016	%	2015	%
VW group	2,776.3	15%	2,976.9	16%
Ford group	2,619.9	14%	2,573.9	14%
Renault-Nissan	2,165.0	12%	1,864.5	10%
Peugeot S.A.	2,108.8	11%	2,178.8	12%
GM	1,530.6	8%	1,576.5	8%
Daimler	1,182.6	6%	1,218.7	6%
BMW	838.6	5%	947.9	5%
Others	5,488.7	29%	5,433.2	29%
TOTAL	18,710.5	100%	18,770.4	100%

* The presentation of sales invoiced may differ from that of sales by end customer when products are transferred to intermediary assembly companies.

4.4 Key figures by region

Sales are broken down by destination region. Other items are presented by the region where the companies involved operate.

2016

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Sales	1,995.5	2,650.1	4,944.7	5,185.4	581.8	3,094.6	258.4	18,710.5
Net property, plant and equipment	313.9	143.9	722.6	643.7	110.2	511.5	22.4	2,468.2
Capital expenditure	112.2	28.9	190.5	148.2	18.4	165.9	4.5	668.6
Headcounts as of December 31	13,167	6,927	35,693	20,086	4,425	16,515	1,795	98,608

2015

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Sales	1,830.6	2,822.8	4,797.6	5,421.7	529.6	3,147.6	220.5	18,770.4
Net property, plant and equipment	285.1	148.2	637.5	632.4	89.8	435.4	18.9	2,247.3
Capital expenditure	99.0	35.9	146.1	154.8	18.9	159.2	9.3	623.4
Headcounts as of December 31	14,413	10,883	34,642	20,645	4,792	15,783	1,711	102,869

NOTE 5**ANALYSIS OF OPERATING EXPENSES****5.1 Analysis of operating expenses by destination**

(in € millions)	2016	2015
Cost of sales	(16,784.6)	(17,024.8)
Research and development costs	(289.5)	(278.4)
Selling and administrative expenses	(666.2)	(637.2)
TOTAL	(17,740.3)	(17,940.4)

5.2 Analysis of operating expenses by nature

(in € millions)	2016	2015
Purchases consumed	(12,518.3)	(12,685.1)
External costs	(1,785.1)	(1,724.4)
Personnel costs	(3,360.1)	(3,335.2)
Taxes other than on income	(53.5)	(54.7)
Other income and expenses*	641.0	505.7
Depreciation, amortization and provisions for impairment in value of non-current assets	(660.2)	(611.5)
Charges to and reversals of provisions	(4.1)	(35.2)
TOTAL	(17,740.3)	(17,940.4)

* Including production taken into inventory or capitalized.

576.3 438.2

The CICE (tax credit for competitiveness and employment) is allocated to personnel costs; it amounted to €12.7 million in 2016 (€15.2 million in 2015).



5.3 Personnel costs

(in € millions)	2016	2015
Wages and salaries*	(2,663.1)	(2,653.5)
Payroll taxes	(697.0)	(681.7)
TOTAL	(3,360.1)	(3,335.2)

* Of which temporary employee costs. (301.0) (299.2)

Details of expenses relating to the Group's stock option and free shares plans and pension costs are provided in Notes 22.2 and 25, respectively.

5.4 Research and development costs

(in € millions)	2016	2015
Research and development costs, gross	(1,021.5)	(924.3)
• amounts billed to customers and changes in inventories	587.5	552.4
• capitalized development costs	389.1	305.3
• amortization of capitalized development costs	(239.3)	(208.5)
• allowances to and reversals of provisions for impairment of capitalized development costs	(5.3)	(3.3)
TOTAL	(289.5)	(278.4)

5.5 Depreciation, amortization and provisions for impairment in value of non current assets

(in € millions)	2016	2015
Amortization of capitalized development costs	(239.3)	(208.5)
Amortization of other intangible assets	(25.0)	(26.8)
Depreciation of specific tooling	(13.8)	(6.1)
Depreciation and impairment of other property, plant and equipment	(376.8)	(366.8)
Provisions for impairment of capitalized development costs	(5.3)	(3.3)
TOTAL	(660.2)	(611.5)

This table does not include allowances and reversals of provision for extraordinary items.

NOTE 6**OTHER NON-OPERATING INCOME AND EXPENSES**

Other non-operating income and expenses are analyzed as follows:

OTHER NON-OPERATING INCOME

(in € millions)	2016	2015
Release of provision for impairment of assets	0.0	4.9
Losses on disposal of assets	1.9	2.9
Others	5.1	3.1
TOTAL	7.0	10.9

OTHER NON-OPERATING EXPENSES

(in € millions)	2016	2015
Other provisions for impairment of assets	(8.8)	(3.8)
Reorganization costs*	(86.3)	(57.3)
Losses on disposal of assets	0.0	0.0
Others	(17.7)	(15.1)
TOTAL	(112.8)	(76.2)

* As of December 31, 2016, this item includes restructuring costs amounting to €84.2 million and provisions for impairment in value of non-current assets amounting to €2.1 million, versus €55.7 million and €1.6 million in 2015 respectively.

RESTRUCTURING

Reorganization costs (€86.3 million) include redundancy and site relocation payments for 1,824 people.



NOTE 7

OTHER FINANCIAL INCOME AND EXPENSES

(in € millions)	2016	2015
Impact of discounting pension benefit obligations	(7.5)	(7.9)
Changes in the ineffective portion of currency hedges	0.8	(0.5)
Changes in fair value of currency hedged relating to debt	(2.4)	0.4
Foreign exchange gains and losses on borrowings	(3.5)	(17.2)
Others*	(10.7)	(20.0)
TOTAL	(23.3)	(45.2)

* As of December 31, 2016, this item includes mainly amortization of costs related to bonds, OCEANE and other long-term debts and commissions for non-use of the credit facility.

NOTE 8

CORPORATE INCOME TAX

Deferred taxes are recognized using the liability method for temporary differences arising between the tax bases for assets and liabilities and their carrying amounts on the consolidated financial statements. Temporary differences mainly arise from tax loss carryforwards and consolidation adjustments to subsidiaries' accounts.

Deferred taxes are measured using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date.

Corporate income tax can be analyzed as follows:

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences or the loss carry forward can be utilized.

Where appropriate, a deferred taxes liability is booked to cover taxes payable on the distribution of retained earnings of subsidiaries and associates which are not considered as having been permanently reinvested and for which the Group is not in a position to control the date when the timing difference will reverse.

(in € millions)	2016	2015
Current taxes		
• Current corporate income tax	(221.8)	(165.4)
Deferred taxes		
• Deferred taxes for the period	32.6	(20.3)
TOTAL	(189.2)	(185.7)

8.1 Analysis of the tax charge

The effective corporate income tax charge can be reconciled with the theoretical tax charge as follows:

(in € millions)	2016	2015
Pre-tax income of consolidated companies	702.0	558.0
Theoretical Tax (34.43% in 2016 and 38.00% in 2015)	(241.7)	(212.0)
Effect of rate changes on deferred taxes recognized on the balance sheet	(4.6)	1.1
Effect of local rate differences*	70.0	85.8
Tax credits	11.3	10.0
Change in unrecognized deferred tax	15.4	11.1
Permanent differences & others**	(39.6)	(81.7)
Corporate tax recognized	(189.2)	(185.7)

* The impact of local rate differences mainly relates to Chinese entities.

** Mainly due to withholding tax on gains or losses of disposal.

Under the 2017 Finance Act, the decrease of the tax rate has been voted in France at 28.92% from 2020. There is no significant effect due to this decrease on long term deferred tax assets as of December 31, 2016.

8.2 Analysis of tax assets and liabilities

(in € millions)	2016	2015
Current taxes		
• Assets	158.4	114.7
• Liabilities	(58.2)	(46.0)
	100.2	68.7
Deferred taxes		
• Assets*	266.2	215.6
• Liabilities	(14.2)	(11.1)
	252.0	204.5

* Of which are tax assets on tax losses. 97.8 130.0

The assessment of the ability to recover net deferred tax assets as of December 31, 2016 (€252 million) is based on the Group's 2017-2019 strategic plan for the long-term recovery of tax losses.

Changes in deferred taxes recorded on the balance sheet break down as follows:

(in € millions)	2016	2015
Amount as at beginning of the period	204.5	211.1
• Deferred taxes carried to net income from continued operations for the period	32.6	(20.3)
• Deferred taxes carried to net income from discontinued operations for the period	(14.8)	0
• Deferred taxes recognized directly in equity*	17.9	(1.8)
• Effect of currency fluctuations and other movements	11.8	15.5
• Impairment of tax asset carryforwards	0.0	0.0
Amount as at end of the period	252.0	204.5

* Mainly related to actuarial gains and losses directly recognized in equity.



8.3 Impairment of tax asset carryforwards

(in € millions)	2016	2015
N+1	17.3	4.7
N+2	17.4	10.1
N+3	10.9	13.7
N+4	1.3	10.4
N+5 and above	20.1	41.3
Unlimited	655.8	626.7
TOTAL	722.8	706.9

These impaired deferred income tax assets on loss carry forwards are mainly located from France.

NOTE 9

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted average number of shares outstanding during the year, excluding treasury stock.

For the purpose of calculating diluted earnings per share, the Group adjusts net income attributable to owners of the parent and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares (including stock options, free shares and convertible bonds).

	2016	2015
Number of shares outstanding at end of period ⁽¹⁾	138,035,801	137,192,778
Adjustments:		
• treasury stock	(807,216)	(21,888)
• weighted impact of share issue prorated	(55,666)	(12,335,082)
Weighted average number of shares before dilution	137,172,919	124,835,808
Weighted impact of dilutive instruments:		
• stock options ⁽²⁾	6,982	50,818
• free shares granted	0	0
• bonds with conversion option	0	373,956
Weighted average number of shares after dilution	137,179,901	125,260,582

(1) Changes in the number of shares outstanding as of December 31 are analyzed as follows:

As of 12/31/2015:

Number of Faurecia shares outstanding	137,192,778
OCEANE conversion	690,123
Exercise of stock options	152,900

As of December 31, 2016:

Number of Faurecia shares outstanding	138,035,801
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(2) As of December 31, 2016, the number of exercisable stock options was 244,200 compared with 636,500 at December 31, 2015.

Taking into account the average Faurecia share price for 2016, no stock option plan has dilutive impact.

The dilutive impact of the bonds was calculated using the treasury stock method.

In relation to stock options, this method consists of comparing the number of shares that would have been issued if all

outstanding stock options had been exercised to the number of shares that could have been acquired at fair value (in this case the average Faurecia share price for the year was €33.68 in 2016).

Earnings per share

Earnings per share break down as follows:

	2016	2015
Net income (loss) (in € millions)	637.8	371.8
Basic earnings (loss) per share	4.65	2.98
After dilution	4.65	2.97
Net income (loss) from continued operations (in € millions)	449.5	311.0
Basic earnings (loss) per share	3.28	2.49
After dilution	3.28	2.48
Net income (loss) from discontinued operations (in € millions)	188.3	60.8
Basic earnings (loss) per share	1.37	0.49
After dilution	1.37	0.49

NOTE 10 GOODWILL

In case of a business combination, the aggregate value of the acquisition is allocated to the identifiable assets acquired and liabilities assumed based on their fair value determined at their acquisition date.

A goodwill is recognized when the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree exceed the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more frequently if there is an indication that it may be impaired. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs). A CGU is defined as the smallest identifiable group of assets that

generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The CGU to which goodwill is allocated represents the level within the operating segment at which goodwill is monitored for internal management purposes. The Group has identified the following CGUs:

- Seating;
- Clean Mobility;
- Interiors.

The carrying amount of assets and liabilities thus grouped is compared to the higher of its market value and value in use, which is equal to the present value of the net future cash flows expected, and their net market value including costs of disposal.

(in € millions)	Gross	Impairment	Net
Amount as of January 1, 2015	1,827.2	(509.9)	1,317.3
Acquisitions	0.0	0.0	0.0
Translation adjustments and other movements	17.7	0.2	17.9
IFRS 5 reclassifications	(125.4)	0.0	(125.4)
Amount as of December 31, 2015	1,719.5	(509.7)	1,209.8
Acquisitions	0.0	0.0	0.0
Translation adjustments and other movements	9.1	(1.2)	7.9
Amount as of December 31, 2016	1,728.6	(510.9)	1,217.7



Breakdown of the net amount of goodwill by operating segment:

(in € millions)	2016	2015
Seating	793.9	793.8
Clean Mobility	375.9	370.4
Interiors	47.9	45.6
TOTAL	1,217.7	1,209.8

Cash-generating units and impairment tests

Impairment tests are carried out whenever there is an indication that an asset may be impaired. Impairment testing consists of comparing the carrying amount of an asset, or group of assets, with the higher of its market value and value in use. Value in use is defined as the present value of the net future cash flows expected to be derived from an asset or group of assets.

The assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units, or CGUs).

Impairment tests are performed on each group of intangible assets (development costs) and property, plant and equipment attributable to a customer contract. This is done by comparing the aggregate carrying amount of the group of assets concerned with the present value of the expected net future cash flows to be derived from the contract.

An impairment loss is recorded when the assets' carrying amount is higher than the present value of the expected net future cash flows. A provision is also recorded for losses to completion on loss-making contracts.

In case of a triggering event, impairment testing is also carried out on general and corporate assets grouped primarily by type of product and by region.

The cash inflows generated by the assets allocated to these CGUs are largely interdependent due to the high overlap among various manufacturing flows, optimization of capacity utilization, and centralization of research and development activities.

Manufacturing assets whose closure is planned are tested independently for impairment.

The cash flow forecasts used to calculate value in use were based on the Group's 2017-2019 strategic plan which was drafted in mid-2016. The volume assumptions used in the 2017-2019 strategic plan are based on external information sources.

The main assumption affecting value in use is the level of operating income used to calculate future cash flows and particularly the terminal value. The operating margin assumption for 2019 is 6.4% for the Group as a whole.

Projected cash flows for the last year of the Strategic Business Plan (2019) have been projected to infinity by applying a growth rate determined based on analysts' trend forecasts for the automotive market. The growth rate applied for the year-end 2016 test was 1.4% (1.5% applied for 2015).

Faurecia called on an independent expert to calculate the weighted average cost of capital stock used to discount future cash flows. The market parameters used in the expert's calculation were based on a sample of 25 companies operating in the automotive supplier sector (7 in Europe, 9 in North America and 9 in Asia). Taking into account these parameters and a market risk premium of 7.25% on average, the weighted cost of capital stock used to discount future cash flows was set at 9.0% (on the basis of a range of values provided by the independent expert) in 2016 (9.5% in 2015). This rate was applied for the impairment tests carried out on all of the Group's CGUs. They all bear the same specific risks relating to the automotive supplier sector and the CGUs multinational operation does not justify using geographically different discount rates.

The tests performed at year-end 2016 did not show any indication of further impairment in goodwill.

The table below shows the sensitivity of the impairment test results to changes in the assumptions used as of December 31, 2016 to determine the value in use of the CGUs to which the Group's goodwill is allocated:

Sensitivity (in € millions)	Test income (value in use - net carrying value)	Cash flow discount rate +0.5 pt	Growth rate to infinity -0.5 pt	Operating margin rate for terminal value -0.5 pt	Combination of the three factors
Seating	2,045	(260)	(230)	(273)	(698)
Clean Mobility	3,220	(272)	(241)	(322)	(763)
Interiors	1,171	(157)	(139)	(193)	(447)

NOTE 11

INTANGIBLE ASSETS

A. RESEARCH AND DEVELOPMENT EXPENDITURE

The Faurecia group incurs certain development costs in connection with producing and delivering modules for specific customer orders which are not considered as sold to the customer, especially when paid for by the customer on delivery of each part. In accordance with IAS 38, these development costs are recorded as an intangible asset where the Company concerned can demonstrate:

- its intention to complete the project as well as the availability of adequate technical and financial resources to do so;
- how the customer contract will generate probable future economic benefits and the Company's ability to measure these reliably;

- its ability to reliably measure the expenditure attributable to the contracts concerned (costs to completion).

These capitalized costs are amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances.

Research costs, and development costs that do not meet the above criteria, are expensed as incurred.

B. OTHER INTANGIBLE ASSETS

Other intangible assets include development and purchase costs relating to software used within the Group – which are amortized on a straight-line basis over a period of between one and three years – as well as patents and licenses.

Intangible assets break down as follows:

(in € millions)	Development costs	Software and other	Total
AMOUNT AS OF JANUARY 1, 2015	798.4	52.1	850.5
Additions	308.9	1.9	310.8
Depreciation and amortization	(208.5)	(26.8)	(235.3)
Funding of provisions	(3.3)	0.0	(3.3)
IFRS 5 reclassifications	(24.3)	(3.2)	(27.5)
Translation adjustments and other	17.7	22.1	39.8
AMOUNT AS OF DECEMBER 31, 2015	888.9	46.1	935.0
Additions	407.0	0.5	407.5
Depreciation and amortization	(239.3)	(25.0)	(264.3)
Funding of provisions	(5.3)	0.1	(5.2)
Translation adjustments and other	3.0	31.7	34.7
AMOUNT AS OF DECEMBER 31, 2016	1,054.3	53.4	1,107.7



The book value of development costs allocated to a customer contract as well as the associated specific tooling is compared to the present value of the expected net future cash flows to be derived from the contract based on the best possible estimate

of future sales. The volumes taken into account in Faurecia's Business Plans are the best estimates by the Group's Marketing department based on automakers' forecasts when available.

NOTE 12
PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost, or production cost in the case of assets produced by the Group for its own use, less accumulated depreciation.

Maintenance and repair costs are expensed as incurred, except when they increase productivity or prolong the useful life of an asset, in which case they are capitalized.

In accordance with the amended version of IAS 23, borrowing costs on qualifying assets arising subsequent to January 1, 2009 are included in the cost of the assets concerned.

Property, plant and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 to 30 years
Leasehold improvements, fixtures and fittings	10 to 20 years
Machinery, tooling and furniture	3 to 10 years

Specific tooling is produced or purchased specifically for the purpose of manufacturing parts or modules for customer orders, which are either a) not sold to the customer, or b) paid for by the customer on delivery of each part. In accordance with IAS 16, this tooling is recognized as property, plant and equipment.

It is depreciated to match the quantities of parts delivered to the customer over a maximum of five years, in line with the rate at which models are replaced.

Investment grants are recorded as a deduction from the assets that they were used to finance.

Property, plant and equipment acquired under finance leases which transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee are recorded under assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The recognized assets are subsequently depreciated as described above. An obligation of the same amount is recorded as a liability.

(in € millions)	Land	Buildings	Plant, tooling and equipment	Specific tooling	Other property, plant and equipment & property, plant and equipment in progress	Total
AMOUNT AS OF JANUARY 1, 2015	83.0	482.3	1,273.9	78.2	312.3	2,229.7
Additions (including own work capital ⁽¹⁾)	0.5	6.5	35.6	41.3	539.5	623.4
Disposals	(0.2)	(24.8)	(187.8)	(13.2)	(36.2)	(262.2)
Depreciation, amortization and provisions for impairment	(0.3)	(48.3)	(267.1)	(27.9)	(29.6)	(373.2)
Non-recurring impairment losses	0.0	(0.4)	(1.3)	0.0	(0.3)	(2.0)
Depreciation written off on disposals	0.1	23.3	173.1	13.2	35.3	245.0
IFRS 5 reclassifications	(6.7)	(62.7)	(142.9)	(7.4)	(28.8)	(248.5)
Currency translation adjustments	0.0	(2.6)	35.6	1.2	8.1	42.3
First-time consolidation and other changes	12.8	43.3	322.3	(5.5)	(380.1)	(7.2)
AMOUNT AS OF DECEMBER 31, 2015	89.2	416.6	1,241.4	79.9	420.2	2,247.3
Additions (including own work capital ⁽¹⁾)	0.0	2.4	24.2	32.3	609.7	668.6
Disposals	(2.4)	(36.6)	(210.1)	(5.0)	(28.6)	(282.7)
Depreciation and amortization and provisions for impairment	(0.4)	(48.8)	(280.3)	(30.1)	(32.4)	(392.0)
Non-recurring impairment losses	(0.5)	(0.4)	(6.0)	(0.3)	(0.3)	(7.5)
Depreciation written off on disposals	0.5	27.1	181.8	4.1	28.3	241.8
Currency translation adjustments	0.7	9.4	17.5	0.1	5.1	32.8
First-time consolidation and other changes	0.4	62.9	358.7	0.6	(462.7)	(40.1)
AMOUNT AS OF DECEMBER 31, 2016	87.5	432.6	1,327.2	81.6	539.3	2,468.2

(1) Including assets held under finance leases

- in 2015 2.6
- in 2016 2.6

(in € millions)	2016			2015	
	Gross	Depreciation	Net	Gross	Net
Land	98.0	(10.5)	87.5	99.3	89.2
Buildings	1,125.9	(693.3)	432.6	1,078.2	416.6
Plant, tooling and technical equipment	3,683.2	(2,356.0)	1,327.2	3,484.0	1,241.4
Specific tooling	241.6	(160.0)	81.6	215.2	79.9
Other property, plant and equipment and assets in progress	769.8	(230.5)	539.3	646.6	420.2
TOTAL	5,918.5	(3,450.3)	2,468.2	5,523.3	2,247.3
Of which assets subject to lease financing	83.4	(75.4)	8.0	96.5	46.9

Property, plant and equipment are often dedicated to client programs.



NOTE 13

INVESTMENTS IN ASSOCIATES

Investment in associates:

(in € millions)	% interest*	Group share of equity**	Dividends received by the Group	Group share of sales	Group share of total assets
Teknik Malzeme	50	4.6	(1.2)	41.0	17.2
Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd	40	3.2	0.0	20.8	18.2
Detroit Manufacturing Systems LLC	45	3.0	(1.6)	422.7	59.7
DMS leverage lender (LLC)	45	3.5	0.0	0.0	6.0
CSM Faurecia Automotive Parts Co., Ltd	50	11.8	0.0	66.2	40.6
FMM Pernambuco Componentes Automotivos Ltda	35	12.7	0.0	49.3	53.0
Faurecia Japan NHK Co., Ltd	50	0.0	0.0	174.8	46.3
Others	-	36.9	(0.4)	136.4	101.7
SAS Group	50	55.0	(15.0)	1,643.0	238.7
TOTAL	130.7	(18.2)	2,554.2	581.4	

* Percentage of interest held by the Company that owns the shares.

** As the Group share of some company's net equity is negative, it is recorded under liabilities as a provision for contingencies and charges.

There are no joint operations between associates within the meaning IFRS 11.

13.1 Change in investments in associates

(in € millions)	2016	2015
Group share of equity at beginning of period	111.5	94.7
Dividends	(18.2)	(16.1)
Share of net income of associates	19.7	12.8
Change in scope of consolidation	(1.8)	2.7
Capital increase	21.7	17.0
IFRS 5 reclassifications	0.2	(1.2)
Currency translation adjustments	(2.4)	1.6
Group share of equity at end of period	130.7	111.5

13.2 Information on significant associates

SAS is a joint venture with Continental Automotive GmbH which manufactures full cockpit modules with electronics and circuitry built into the instrument panels. Its headquarters is located in Karlsruhe (Germany), with subsidiaries mainly in France, Slovakia, the United Kingdom, Spain, Mexico, Turkey and Czech Republic. Additional information on this entity (actual data as of November and December forecasts) is provided below:

(in € millions)	2016	2015
Sales	3,285.9	3,414.1
Operating income (loss)	57.2	47.1
Net income (loss)	34.0	39.5

(in € millions)	2016	2015
Fixed assets	76.4	67.3
Current assets	273.2	492.6
Cash	127.8	113.8
TOTAL ASSETS	477.4	673.7

(in € millions)	2016	2015
Shareholders' equity	110.0	110.0
Borrowings	0.6	1.5
Other non-current liabilities	19.3	29.2
Non-current financial liabilities	347.5	533.0
TOTAL EQUITY AND LIABILITIES	477.4	673.7

The other associates, in joint control or significant influence, taken individually, are not considered as significant neither for sales nor for total assets.

In accordance with IAS 39, the Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets, and financial assets at fair value through profit or loss. They are recorded on the following

balance sheet items: "Other equity interests" (Note 14), "Other non-current financial assets" (Note 15), "Trade accounts receivables" (Note 18), "Other operating receivables" (Note 19), "Other receivables" (Note 20) and "Cash and cash equivalents" (Note 21).

The Group does not use the IAS 39 categories of "Held-to-maturity investments" nor "Financial assets held for trading".



NOTE 14

OTHER EQUITY INTERESTS

Equity interests correspond to the Group's interests in the capital stock of non-consolidated companies. They are subject to impairment testing based on the most appropriate financial analysis criteria. An impairment loss is recognized where

(in € millions)	% of capital stock	2016		2015
		Gross	Net	Net
Changchun Xuyang Industrial Group	19.0	13.2	13.2	13.7
Amminex Emissions Systems APS	91.5	24.0	24.0	0.0
Chongqing Faurecia Changpeng Automotive Parts Co., Ltd	80.0	21.2	21.2	0.0
Tactotek Oy	9.01	4.0	4.0	0.0
Canatu Oy	6.74	3.0	3.0	0.0
Others	-	3.5	1.7	1.9
TOTAL		68.9	67.1	15.6

appropriate. The criteria generally applied are the Group's equity in the underlying net assets and the earnings outlook of the Company concerned.

NOTE 15

OTHER NON-CURRENT FINANCIAL ASSETS

Loans and other financial assets are initially stated at fair value and then at amortized cost, calculated using the effective interest method.

Provisions are booked on a case-by-case basis where there is a risk of non-recovery.

(in € millions)	2016		2015
	Gross	Provisions	Net
Loans with maturity longer than one year	42.2	(17.6)	24.6
Others	50.7	(8.6)	42.1
TOTAL	92.9	(26.2)	66.7
			69.4

NOTE 16

OTHER NON-CURRENT ASSETS

This item includes:

(in € millions)	2016	2015
	2016	2015
Pension scheme surpluses	20.1	17.7
Guarantee deposits and other	22.9	18.8
TOTAL	43.0	36.5

NOTE 17**INVENTORIES AND WORK-IN-PROGRESS**

Inventories of raw materials and supplies are stated at cost, determined by the FIFO method (First-In, First-Out).

Finished and semi-finished products, as well as work-in-progress, are stated at production cost, determined by the FIFO method. Production cost includes the cost of materials and supplies as well as direct and indirect production costs, excluding overhead not linked to production and borrowing costs.

Work-in-progress includes the costs of internally-manufactured specific tooling or development work which is sold to customers, i.e. where the related risks and rewards are transferred. These costs are recognized in the income statement over the period in which the corresponding sales are made, as each technical stage is validated by the customer, or when the tooling is delivered if the contract does not provide for specific technical stages.

Provisions are booked for inventories for which the probable realizable value is lower than cost.

(in € millions)	2016		2015	
	Gross	Depreciation	Net	Net
Raw materials and supplies	511.4	(73.9)	437.5	425.3
Engineering, tooling and prototypes	532.1	(19.4)	512.7	392.7
Work-in-progress for production	3.6	(0.2)	3.4	5.5
Semi-finished and finished products	370.0	(59.6)	310.4	281.7
TOTAL	1,417.1	(153.1)	1,264.0	1,105.2

NOTE 18**TRADE ACCOUNTS RECEIVABLES**

Under trade receivables sale programs, the Group can sell a portion of the receivables of a number of its French, German, North America and other subsidiaries to a group of financial institutions, transferring substantially all of the risks and rewards relating to the receivables sold to the financial institutions concerned.

The following table shows the amount of receivables sold with maturities beyond December 31, 2016, for which substantially all the risks and rewards have been transferred, and which have therefore been derecognized, as well as the financing under these programs which corresponds to the cash received as consideration for the receivables sold:

(in € millions)	2016	2015
Financing	1,083.6	899.5
Guarantee reserve deducted from borrowings	(36.1)	(32.2)
Cash received as consideration for receivables sold	1,047.5	867.3
Receivables sold and derecognized	(1,045.9)	(840.4)

Individually impaired trade receivables are as follows:

(in € millions)	2016	2015
Gross total trade receivables	1,670.1	1,716.1
Provision for impairment of receivables	(18.0)	(19.2)
TOTAL	1,652.1	1,696.9



Given the high quality of Group counterparties, late payments do not represent a material risk. They generally arise from administrative issues.

Late payments as of December 31, 2016 were €135 million, breaking down as follows:

- €62.0 million less than one month past due;

- €14.2 million between one and two months past due;
- €7.4 million between two and three months past due;
- €18.9 million between three and six months past due;
- €32.5 million more than six months past due.

NOTE 19

OTHER OPERATING RECEIVABLES

(in € millions)	2016	2015
Down payments	117.1	96.0
Currency derivatives for operations	0.9	1.7
Other receivables ⁽¹⁾	151.8	156.2
TOTAL	269.8	253.9

(1) Including the following amounts for VAT and other tax receivables.

145.7 150.9

NOTE 20

OTHER RECEIVABLES

(in € millions)	2016	2015
Short-term portion of loans	10.9	27.7
Prepaid expenses	178.3	125.3
Current taxes	158.4	114.7
Other sundry payables	79.2	48.8
TOTAL	426.8	316.5

In 2016, the receivables on *Crédit d'Impôt pour la Compétitivité et l'Emploi* (CICE) and *Crédit d'Impôt Recherche* (CIR) have been sold respectively for amounts of €12.4 million and €34.7 million.

NOTE 21

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include current account balances in the amount of €1,315.3 million (compared to €718.8 million in 2015) and short-term investments in the amount of €246.9 million (compared to €213.7 million in 2015), or a total of €1,562.2 million as of December 31, 2016.

These components include current account balances and units in money market funds that are readily convertible to a known amount of cash and are not subject to a significant risk of impairment in the event of changes in interest rates. They are measured at fair value and variances are booked through P&L.

The carrying amount of marketable securities is almost identical to market value as they are held on a very short term basis.

Net cash flow, as mentioned in the comments on the business review and the consolidated financial statements, represents the net financing surplus adjusted for acquisitions of investments and business net of cash acquired and for changes in other investments and non-current assets. Net cash flow amounts €458.5 million as of December 31, 2016 (of which recurring €332.5 million) compared to €302.5 million in 2015.

(in € millions)	Notes	2016	2015
Recurring net cash flow		332.5	0.0
Variation of factoring related to discontinued operations		119.0	0.0
Other changes		7.0	0.0
Net cash flow		458.5	302.5
Acquisition/disposal of equity interests and businesses (net of cash and cash equivalents) from continued operations	2.3	532.5	(30.9)
Proceed from disposal of financial assets from continued operations	2.3	0.0	0.0
Other changes from continued operations	2.3	(3.2)	(27.3)
Financing surplus from discontinued operations	2.3	(175.0)	0.0
Other changes from discontinued operations		0.0	2.2
Surplus (used) from operating and financing activities	2.3	812.8	246.5

NOTE 22

SHAREHOLDERS' EQUITY

22.1 Capital stock

As of December 31, 2016, Faurecia's capital stock totaled €966,250,607 divided into 138,035,801 fully paid-up shares with a par value of €7 each.

The Group's capital stock is not subject to any external restrictions. Shares which have been registered in the name of the same holder for at least two years carry double voting rights.

As of December 31, 2016, Peugeot S.A. held 46.33% of the capital stock of Faurecia and 62.94% of the voting rights.

The capital stock and additional paid-in capital variance on the period can be analyzed as follows:

	Number of shares	Capital stock (in € millions)	Additional paid-in capital (in € millions)
Amount as at January 1, 2016	137,192,778	960.4	593.1
OCEANE conversion	690,123	4.8	7.6
Exercise of stock options	152,900	1.1	3.3
Amount as at December 31, 2016	138,035,801	966.3	604.0



22.2 Share-based payment

A - STOCK OPTIONS

Faurecia has a policy of issuing stock options to the executives of Group companies.

Options are measured at fair value as of the grant date using the Black & Scholes option pricing model. The fair value of stock options is recognized in payroll costs on a straight-line basis

over the vesting period (the period between the grant date and the vesting date), with a corresponding adjustment to equity.

As of December 31, 2016, a total of 244,200 stock options were outstanding.

The exercise of these options would result in increasing:

- the capital stock by €1.7 million;
- additional paid-in capital by €9.2 million.

Details of the stock subscription option plans as of December 31, 2016 are set out in the table below:

Date of General Meeting	Adjusted exercise price (in €)	Adjusted number of options granted	including those granted to Executive Management/Executive Committee	Start of exercise period		Options exercised	Options cancelled	Adjusted number of options outstanding as of December 31, 2016
				Last exercise date	Options exercised			
	04/13/2006			04/12/2010				
05/23/2005	45.20	340,800	168,000	04/12/2016	0	340,800		0
	04/16/2007			04/17/2011				
05/23/2005	44.69	346,200	172,800	04/17/2017	0	102,000		244,200
	04/10/2008			04/10/2012				
05/29/2007	28.38	357,000	174,000	04/10/2016	261,000	96,000		0
TOTAL								244,200

Movements in the aggregate number of options under all of the plans in force were as follows:

	2016	2015
Amount as at beginning of the period	636,500	931,025
Options granted	0	0
Options exercised	(152,900)	(94,800)
Options cancelled and expired	(239,400)	(199,725)
Amount as at the end of the period	244,200	636,500

B - FREE SHARE GRANT

In 2010 Faurecia implemented a share grant plan for executives of Group companies. These shares are subject to service and performance conditions.

Free shares are measured at fair value by reference to the market price of Faurecia's shares at the grant date, less (i) an amount corresponding to the expected dividends due on the

shares but not paid during the vesting period and (ii) an amount reflecting the cost of the shares being subject to a lock-up period. The fair value is recognized in payroll costs on a straight-line basis over the vesting period, with a corresponding adjustment to equity.

The amount recognized for the period is an expense of €17.8 million, compared to €9.9 million in 2015.

Details of the share grant plans as of December 31, 2016 are set out in the table below:

Date of General Meeting	Date of Board meeting	Maximum number of free shares that can be granted* for:		Performance condition
		reaching the objective	exceeding the objective	
05/30/2013	07/24/2013	745,000	968,500	2015 pretax income target as stated in the strategic plan when granted and Faurecia earning per share compared to a reference group of companies
05/30/2013	07/28/2014	629,700	818,610	2016 pretax income target as stated in the strategic plan when granted and Faurecia earning per share compared to a reference group of companies
05/27/2015	07/23/2015	624,628	811,931	2017 after tax income target as stated in the strategic plan when granted and Faurecia earning per share compared to a reference group of companies
05/27/2016	07/25/2016	742,161	965,485	2018 after tax income target as stated in the strategic plan when granted and Faurecia earning per share compared to a reference group of companies

* Net of free shares granted cancelled.

Following the achievement of the performance conditions for the previous plans, 478,400 shares have been granted in 2012 and 226,200 in 2014.

The performance condition for the fourth plan granted by the Board of July 23, 2012 has not been met.

22.3 Treasury stock

As of December 31, 2016, Faurecia held 807,216 treasury stock shares.

The cost of the shares held in treasury stock as of December 31, 2016 totaled €25.7 million, representing an average cost of €31.79 per share.

NOTE 23

MINORITY INTERESTS

This item corresponds to minority shareholders' interests in the equity of consolidated subsidiaries.

Changes in minority interests were as follows:

(in € millions)	2016	2015
Amount as at beginning of the period	211.9	159.9
Increase in minority shareholder interests	1.8	32.2
Other changes in scope of consolidation	0.8	0.7
Minority interests in net income for the year	83.0	74.1
Dividends allocated to minority interests	(80.0)	(55.8)
Translation adjustments	(2.4)	0.8
Amount as at the end of the period	215.1	211.9

The minority interests, taken individually, are not considered as significant in comparison to the total net equity.



NOTE 24

CURRENT PROVISIONS AND CONTINGENT LIABILITIES

24.1 Current provisions

A provision is recorded when Group Executive Management has decided to streamline the organization structure and announced the program to the employees affected by it or their representatives, when relevant.

(in € millions)	2016	2015
Restructuring	83.5	64.4
Risks on contracts and customer warranties	57.0	64.6
Litigation	35.7	14.4
Other provisions	44.9	45.0
TOTAL	221.1	188.4

Changes in these provisions in 2016 were as follows:

(in € millions)	Amount as at January 1, 2016	Additions	Expenses charged	Reversal*	Sub-total changes	Change in scope of consolidation and other changes	Amount as at December 31, 2016
Restructuring	64.4	76.5	(55.3)	0.0	21.2	(2.1)	83.5
Risks on contracts and customer warranties	64.6	27.7	(23.7)	(11.6)	(7.6)	0.0	57.0
Litigation	14.4	28.1	(5.3)	(1.8)	21.0	0.3	35.7
Other provisions	45.0	15.7	(15.5)	(2.2)	(2.0)	1.9	44.9
TOTAL	188.4	148.0	(99.8)	(15.6)	32.6	0.1	221.1

* Surplus provisions.

24.2 Contingent liabilities**LITIGATION**

On March 25, 2014, the European Commission and the Department of Justice of the United States of America and on November 27, 2014, the Competition Commission of South Africa, initiated an enquiry covering certain suppliers of emission control systems on the basis for suspicions of anti-competitive practices in this segment. Faurecia is one of the companies covered by these enquiries. These enquiries are ongoing. Furthermore, on March 24, 2016, two class actions were filed against several suppliers of emissions control

systems, alleging anticompetitive practices in regard to Exhaust Systems, and seeking unspecified amounts of civil damages. Faurecia Emissions Control Technologies US, LLC is one of the companies named as defendants, and Faurecia S.A. has been named as an additional defendant. On November 9, 2016, a third class action was filed. In the event anti-competitive practices are proven, possible sanctions include fines, criminal charges or civil damages. The Group is at present unable to predict the consequences of such inquiries and class actions, including the level of fines or sanctions that could be imposed: therefore, no accruals were accounted for as December 31, 2016. There are no other claims or litigation in progress or pending that are likely to have a material impact on the Group's consolidated financial position.

NOTE 25

NON-CURRENT PROVISIONS AND PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

25.1 Non-current provisions

(in € millions)	2016	2015
Provisions for pensions and other employee obligations	399.7	344.1
• Pension scheme benefit obligations	228.3	187.5
• Post-retirement benefit obligations	122.2	108.2
• Long-service awards	27.1	24.9
• Healthcare costs	22.1	23.5
Provisions for early retirement costs	0.0	0.0
TOTAL	399.7	344.1

CHANGES IN NON-CURRENT PROVISIONS

(in € millions)	2016	2015
Amount as at beginning of the period	344.1	369.4
Change in scope of consolidation	0.0	0.0
Other movements	3.2	16.1
Allowance (or reversal) of provision	31.6	24.5
Expenses charged to the provision	(11.5)	(11.2)
Payments to external funds	(12.8)	(8.9)
Restatement differences	45.1	(30.1)
IFRS 5 reclassifications	0.0	(15.7)
Amount as at the end of the period	399.7	344.1

25.2 Provisions for pensions and other post-employment benefits

Group employees may receive, in addition to their pensions in conformity with the applicable regulations in the countries where the Group companies employing them are located, additional benefits or post-retirement benefit obligations. The Group offers these benefits through either defined benefits or defined contribution schemes.

The valuation and accounting methodologies followed by the Group are the following:

- for defined contribution schemes, costs are recognized as expenses based on contributions;
- the liability for defined benefit schemes is determined on an actuarial basis using the projected unit credit method

according to the agreements effective in each concerned Group company.

The valuation takes into account the probability of employees staying with the Group up to retirement age and expected future compensation levels as well as other economic assumptions (such as the inflation rate, the discount rate) for each concerned zone or country. These assumptions are described in Note 25.2.

Benefit obligations are partially funded by contributions to external funds. In cases where the funds are permanently allocated to the benefit scheme concerned, their value is deducted from the related liability. An excess of scheme assets is only recognized in the balance sheet when it represents future benefits effectively available for the Group.



Periodic pension and other employee benefit costs are recognized as operating expenses over the benefit vesting period.

Actuarial gains and losses on defined benefits scheme are recognized in other comprehensive income.

In case of a change in regime, past service costs are fully recognized as operating expenses, the benefits being fully acquired or not.

The expected rate of return of defined benefits scheme assets is equal to the discount rate used to value the obligation. This return is recorded in "Other financial income and expense".

The other post employment benefits mainly cover seniority bonuses as well as health care benefits. The obligation is valued using similar methodology, assumptions and frequency as the ones used for post employment benefits.

BENEFIT OBLIGATIONS

(in € millions)	2016	2015
Present value of projected obligations		
• Pension scheme benefit obligations	370.5	331.1
• Post-retirement benefit obligations	128.7	115.2
• Long-service awards	27.1	24.9
• Healthcare costs	22.1	23.5
TOTAL	548.4	494.7
Value of scheme assets:		
• Provisions booked in the accounts	399.7	344.1
• External funds (market value)*	168.8	168.3
• Scheme surplus**	(20.1)	(17.7)
TOTAL	548.4	494.7

* External funds mainly cover pension scheme benefit obligations for €162.3 million in 2016.

** Pension scheme surpluses are included in "Other non-current assets".

PENSION BENEFIT OBLIGATIONS

A - Description of the schemes

In France, the supplementary pension scheme comprises a defined benefit plan for all managerial employees granting a rent relating to salary tranche C.

In the United States, the three defined benefits pension schemes are all closed to new participants, respectively since 1996, 2002 and 2011. The first scheme covers 705 participants, the second one 366 and the third one 1,029.

In Germany, the main defined benefits pension scheme still open covers 5,363 participants. The benefit granted is based on the number of years of service, starting after 15 years.

A specific supplementary pension scheme for Executive Committee members who have an employment contract with Faurecia S.A. or any of its subsidiaries, comprising a defined benefit scheme for French members and a defined contribution scheme for foreign members was approved by the Board of Directors on February 11, 2015. It guarantees an annuity based on the reference salary, the Group's operating income, and the budget approved by the Board of Directors.

B - Assumptions used

The Group's obligations under these schemes are determined on an actuarial basis, using the following assumptions:

- retirement age between 62 and 65 for employees in France;
- staff turnover assumptions based on the economic conditions specific to each country and/or Group company;
- mortality assumptions specific to each country;
- estimated future salary levels until retirement age, based on inflation assumptions and forecasts of individual salary increases for each country;
- the expected long-term return on external funds;
- discount and inflation rates (or differential) based on local conditions.

The main actuarial assumptions used in the past two years to measure the pension liability are as follows:

(in %)	Eurozone	United Kingdom	United States
DISCOUNT RATE			
2016	1.50%	2.80%	3.74%
2015	2.30%	3.85%	4.16%
INFLATION RATE			
2016	1.80%	3.25%	N/A
2015	1.80%	3.00%	N/A

Note: the iboxx AA rate has been used as reference to determine the discount rate of the euro zone.

The decrease in discount rate generated actuarial gains and losses which have been recorded in other comprehensive income according to IAS 19R.

In the United States, the pension benefit obligations (closed to new participants) are not sensitive to the inflation rate.

The average duration of the various schemes is as follows:

(in number of years)	Eurozone	United Kingdom	United States
Average duration	22.1	21.9	8.6

C - Information on external funds

External funds are invested as follows:

(in %)	2016			2015		
	Equities	Bonds	Others	Equities	Bonds	Others
France	18%	78%	4%	18%	78%	4%
United Kingdom	39%	61%	0%	45%	55%	0%
United States	49%	33%	18%	44%	39%	17%

The fair value of shares and bonds falls in the level 1 category (price quoted in active markets) in 2016.

D - Provisions for pension liabilities recognized on the balance sheet

(in € millions)	2016			2015		
	France	Abroad*	Total	France	Abroad	Total
Amount as at beginning of the period	136.1	142.0	278.1	144.5	164.1	308.6
IFRS 5 reclassifications	0.0	0.0	0.0	(14.1)	(0.7)	(14.8)
Changes in scope of consolidation (provision net of plan surpluses)	0.0	0.0	0.0	0.0	0.0	0.0
Additions	13.6	12.9	26.5	14.2	7.7	21.9
Expenses charged to the provision	(3.2)	(4.7)	(7.9)	(2.4)	(4.8)	(7.2)
Payments to external funds	(7.0)	(5.8)	(12.8)	(1.2)	(7.7)	(8.9)
Actuarial gains/(losses)	21.1	26.2	47.3	(5.3)	(19.4)	(24.7)
Other movements	(0.6)	(0.1)	(0.7)	0.3	2.8	3.1
Amount as at the end of the period	160.0	170.5	330.5	136.1	142.0	278.1

* The provision of €170.5 million as of December 31, 2016 relates mainly to Germany (€131.7 million).

**E - Changes in pension liabilities**

(in € millions)	2016			2015		
	France	Abroad	Total	France	Abroad	Total
PROJECTED BENEFIT OBLIGATIONS						
Amount as at beginning of the period	147.1	299.2	446.3	157.7	287.8	445.5
IFRS 5 reclassifications	0.0	0.0	0.0	(15.3)	(0.7)	(16.0)
Service costs	10.6	9.4	20.0	14.8	24.7	39.5
Annual restatement	3.5	9.1	12.6	2.8	8.9	11.7
Benefits paid	(7.1)	(16.2)	(23.3)	(4.7)	(10.4)	(15.1)
Actuarial gains/(losses)	21.1	37.9	59.0	(5.0)	(21.2)	(26.2)
Other movements (including translation adjustment)	0.0	(15.2)	(15.2)	0.0	10.5	10.5
Curtailments and settlements	(0.2)	0.0	(0.2)	(3.2)	(0.4)	(3.6)
Effect of closures and plan amendments	0.0	0.0	0.0	0.0	0.0	0.0
AMOUNT AS AT THE END OF THE PERIOD	175.0	324.2	499.2	147.1	299.2	446.3
VALUE OF PLANT ASSETS						
Amount as at beginning of the period	11.1	157.2	168.3	13.2	123.7	136.9
IFRS 5 reclassifications	0.0	0.0	0.0	(1.2)	0.0	(1.2)
Projected return on plan assets	0.3	5.6	5.9	0.2	25.5	25.7
Actuarial gains/(losses)	0.0	11.7	11.7	0.3	(1.8)	(1.5)
Other movements (including translation adjustment)	(0.1)	(15.1)	(15.2)	(0.3)	7.7	7.4
Employer contributions	7.0	5.8	12.8	1.2	7.7	8.9
Benefits paid	(3.3)	(11.5)	(14.8)	(2.3)	(5.6)	(7.9)
Curtailments and settlements	0.0	0.0	0.0	0.0	0.0	0.0
Effect of closures and plan amendments	0.0	0.0	0.0	0.0	0.0	0.0
AMOUNT AS AT THE END OF THE PERIOD	15.0	153.7	168.7	11.1	157.2	168.3
BALANCE OF PROVISIONS AT THE END OF THE PERIOD	160.0	170.5	330.5	136.1	142.0	278.1
TOTAL CHANGE EXPENDED AT THE END OF THE PERIOD	13.6	12.9	26.5	14.2	7.7	21.9

These costs are recognized:

- in operating income for the portion relating to service cost;
- in "Other financial income and expenses" for restatement of vested rights and the projected return on external funds.

Actuarial gains and losses can be analyzed as follows:

(in € millions)	2016		
	France	Abroad	Total
Detail of actuarial gains and losses of the period:			
• differences linked to financial assumptions	(16.6)	(42.4)	(59.0)
• differences linked to demographic assumptions	(4.5)	4.5	0.0
• other differences	0.0	11.7	11.7
TOTAL	(21.1)	(26.2)	(47.3)

In France, pension liability increased by €27.9 million at year-end compared to the previous year. This increase breaks down as follows:

- +€14.1 million relating to service cost and interest cost for 2016;

- -€7.1 million relating to lump-sum retirement bonuses and rights to capital stock for supplementary pension schemes;
- -€0.2 million relating to employee reduction plans;
- +€21.1 million resulting from actuarial gains and losses, including €16.6 million relating to the discount rate, €4.5 million relating to experience.

F - Pension benefit obligations: sensitivity to changes in discount rate and inflation rate in main scope

The impact of a 25 basis point increase in the discount rate and in the inflation rate for the projected benefit obligation is as follows:

(in %)	Discount rate +0.25 pt	Inflation rate +0.25 pt
France	-2.9%	+2.9%
Germany	-4.7%	+2.0%

25.3 Long-service awards

The Group evaluates its liability for the payment of long-service awards, given to employees based on certain seniority requirements. The Group calculates its liability for the payment

of long-service awards using the same method and assumptions as for its pension liability. Provisions for long-service awards have been set aside as follows:

(in € millions)	2016	2015
French companies	6.6	6.7
Foreign companies	20.5	18.2
TOTAL	27.1	24.9

25.4 Healthcare costs

In addition to pension schemes, some Group companies – mainly in the United States – cover the healthcare costs of their employees.

The related liability can be analyzed as follows:

(in € millions)	2016	2015
Foreign companies	22.1	23.5
TOTAL	22.1	23.5

The increase of 25 basis points in the discount rate and 1 point in the healthcare cost trend rates would lead to the following variations on the Group's projected benefit obligations:

(in %)	Discount rate +0.25 pt	Healthcare cost trend rate +1 pt
Projected benefit obligation	-3.2%	10.2%



Expenses recognized in connection with this liability break down as follows:

(in € millions)	2016	2015
Service cost	(0.1)	(0.1)
Interest cost*	(0.9)	(1.1)
Curtailment	0.0	0.0
TOTAL	(1.0)	(1.2)

* Interest cost is recorded under "Other financial income and expenses".

The Group's financial liabilities fall within the IAS 39 categories of financial liabilities at fair value through profit or loss, and other financial liabilities measured at amortized cost.

They are recorded on the following balance sheet items: "Current financial liabilities" and "Non current financial liabilities"

(Note 26), "Accrued taxes and payroll costs" (Note 27) and "Sundry payables" (Note 28).

Financial assets and liabilities are broken down into current and non-current components for maturities at the balance sheet date: under or over a year.

NOTE 26

NET DEBT

The Group's financial liabilities are generally measured at amortized cost using the effective interest method.

26.1 Analysis of net debt

(in € millions)	2016	2015
Bonds	1,385.1	692.4
Bank borrowings	188.1	246.3
Other borrowings	1.1	1.5
Obligations under finance lease	17.9	24.0
Non-current derivatives	1.8	2.0
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	1,594.0	966.2
Current portion of long term debt	52.2	606.1
Short-term borrowings*	258.4	310.2
Current derivatives	1.3	2.6
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	311.9	918.9
TOTAL FINANCIAL LIABILITIES	1,905.9	1,885.1
Derivatives classified under non-current and current assets	(2.2)	(6.8)
Cash and cash equivalents	(1,562.2)	(932.5)
NET DEBT	341.5	945.8
Net cash and cash equivalent	1,562.2	932.5

* Including bank overdrafts

103.0 135.0

26.2 Maturities of long-term debt

(in € millions)	2018	2019	2020	2021	2022 and beyond	Total
Bonds	0.0	0.0	0.0	0.0	1,385.1	1,385.1
Bank borrowings	31.7	7.2	132.2	7.2	9.8	188.1
Other borrowings	0.8	0.1	0.1	0.1	0.0	1.1
Obligations under finance leases	8.2	1.7	1.7	1.8	4.5	17.9
TOTAL AS OF DECEMBER 31, 2016	40.7	9.0	134.0	9.1	1,399.4	1,592.2

26.3 Financing

The main components of Faurecia financing are described below:

2016 BONDS

In November 2011 and February 2012, Faurecia had issued €490 million worth of bonds, due December 15, 2016. These bonds carried interest at 9.375% and benefited from a guarantee from certain Group subsidiaries. They were redeemed by anticipation ("make-whole") on April 12, 2016 at 106.34% of par plus interest accrued at that date, for a total amount of €536 million. This early redemption also eliminated the guarantees on the syndicated credit facility and 2022 bonds.

2022 BONDS

In 2015, Faurecia issued bonds, due June 15, 2022, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2015.

A first part of these bonds has been issued on March 17, 2015 for €500 million. An additional €200 million bond was issued on April 9, 2015, with the same due date and same coupon, at 100.25% of the nominal value. On May 19, 2015, the bonds of this second tranche were wholly assimilated to those issued on March 17, 2015.

They include a covenant restricting the additional indebtedness if the EBITDA after certain adjustments is lower than twice the gross interest costs, and restrictions on the debt similar to those of the syndicated credit loan.

They are listed on the Irish Stock Exchange (Global Exchange Market). The costs related to the bond issue are expensed in P&L over the life time of the bonds. The bonds benefit from guarantees from some group affiliates; the entities providing these guarantees are the same as those that guarantee the bonds due December 2016. These guarantees have been eliminated with the full redemption of these 2016 bonds.

2023 BONDS

On April 1, 2016, Faurecia issued bonds for an amount of €700 million due June 15, 2023, carrying annual interest of 3.625%, payable on June 15 and December 15 each year, as from June 15, 2016.

They are also listed on the Irish Stock Exchange (Global Exchange Market). The costs related to the bond issue are expensed in P&L over the life time of the bonds.

These bonds benefit from the same restrictions as the 2022 bonds and do not benefit from guarantees issued by subsidiaries.

SYNDICATED CREDIT FACILITY

On December 15, 2014 Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, in order to extend the maturity to five years from that date, or June 24, 2021 and improve its terms and conditions.

In accordance with the credit documentation, all guarantees issued by some Group subsidiaries in favor of banks participating in this credit facility were eliminated when the bonds due in December 2016 were fully redeemed, on April 12, 2016.

As of December 31, 2016 this credit facility was not drawn.

This credit facility includes only one covenant concerning compliance with consolidated financial ratios: net debt*/EBITDA** must be lower than 2.50. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2016, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 25% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

* Consolidated net debt.

** Operating income plus depreciation and funding of provisions for impairment of property, plant equipment and intangible assets, corresponding to the past 12 months.



2018 OCEANE

On September 18, 2012 Faurecia had issued €250 million worth of OCEANE bonds convertible into and/or exchangeable for new or existing shares, due January 1, 2018. These bonds of a principal amount of €19.48 carried interest at 3.25%.

On December 7, 2015, Faurecia announced its intention to reimburse the OCEANE bonds at par value on January 15, 2016. Following this announcement, 94.5% of the OCEANE bonds have been converted as of December 31, 2015, and the principal amount of remaining bonds outstanding at this date was €13.7 million. As of January 15, 2016, almost the entire amount has been converted and the residual principal amount of €0.2 million has been reimbursed.

The Group's global contractual maturity schedule as of December 31, 2016 breaks down as follows:

(in € millions)	Carrying Amount		Remaining contractual maturities				
	Assets	Liabilities	Total	0-3 months	3-6 months	6-12 months	1-5 years
Other non-current financial assets	66.7		66.7				66.7
Other non-current assets	43.0		43.0				43.0
Trade accounts receivables	1,652.1	1,652.1	1,647.4		4.7		
Cash and cash equivalents	1,562.2	1,562.2	1,562.2				
Interests on:							
2022 bonds	(0.9)	(120.2)		(10.9)	(10.9)	(87.5)	(10.9)
2023 bonds	(1.1)	(165.0)		(12.7)	(12.7)	(101.5)	(38.1)
Other long term borrowings	(3.1)	(3.1)	(2.3)		(0.8)		
Obligations under finance leases (ST portion)	(6.6)	(6.6)	(6.2)	(0.4)			
Other current financial liabilities	(298.9)	(298.9)	(258.8)	(22.7)	(17.4)		
Trade accounts payables	(3,733.3)	(3,733.3)	(3,699.1)	(7.7)	(26.5)		
Bonds (excluding interest)							
2022 bonds	(692.9)	(692.9)				(692.9)	
2023 bonds	(692.2)	(692.2)				(692.2)	
Bank borrowings							
Syndicated credit facility							
Others	(188.2)	(188.2)				(178.4)	(9.8)
Other borrowings	(1.1)	(1.1)				(1.1)	
Obligations under finance leases (LT portion)	(17.9)	(17.9)				(13.3)	(4.6)
Interest rate derivatives	(1.9)	(1.9)	(0.4)	(0.4)	(0.8)	(0.3)	
• o/w cash flow hedges	(1.9)	(1.9)	(0.4)	(0.4)	(0.8)	(0.3)	
• o/w derivatives not qualifying for hedge accounting under IFRS							
Currency hedges	3.1	(6.7)	(3.6)	(1.6)	(2.1)	0.1	0.0
• o/w fair value hedges	2.3	(1.3)	1.0	1.0			
• o/w cash flow hedges	0.7	(5.4)	(4.7)	(2.7)	(2.1)	0.1	
• o/w derivatives not qualifying for hedge accounting under IFRS	0.1	0.0	0.1	0.1			
TOTAL	3,327.1	(5,644.8)	(2,600.9)	(758.8)	(52.2)	(69.0)	(272.4)
							(1,448.5)

26.4 Analysis of borrowings

As of December 31, 2016, the floating rate portion was 20% of borrowings before taking into account the impact of hedging.

Derivatives have been set up to partially hedge interest payable on variable rate borrowings against increases in interest rates (see Note 30.2).

(in € millions)	2016	
Variable rate borrowings	381.1	20.0%
Fixed rate borrowings	1,524.8	80.0%
TOTAL	1,905.9	100.0%

Borrowings, taking into account foreign exchange swaps, break down by repayment currency as follows:

(in € millions)	2016	2015
Euro	1,572.2	82.5%
US dollar	246.5	12.9%
Other currencies	87.2	4.6%
TOTAL	1,905.9	100.0%

In 2016, the weighted average interest rate on gross outstanding borrowings was 4.1%.

NOTE 27

ACCRUED TAXES AND PAYROLL COSTS

(in € millions)	2016	2015
Accrued payroll costs	310.3	276.2
Payroll taxes	139.7	142.4
Employee profit-sharing	26.0	22.4
Other accrued taxes and payroll costs	103.1	98.0
TOTAL	579.1	539.0



NOTE 28

SUNDRY PAYABLES

(in € millions)	2016	2015
Due to suppliers of non-current assets	162.8	112.6
Prepaid income	78.4	15.3
Current taxes	58.2	46.0
Other	72.4	56.8
Currency derivatives for operations	5.4	5.0
TOTAL	377.2	235.7

NOTE 29

FINANCIAL INSTRUMENTS

29.1 Financial instruments recorded in the balance sheet

	2016		Breakdown by instrument category*					
	Carrying amount (in € millions)	Carrying amount not defined as financial instruments	Financial assets/liabilities at fair value through profit or loss**	Financial assets/liabilities at fair value through equity**	Available for sale assets	Loans and receivables	Financial liabilities at amortized cost	Financial liabilities measured at fair value
Other equity interests	67.1				67.1			67.1
Other non-current financial assets	66.7					66.7		66.7
Trade accounts receivables	1,652.1					1,652.1		1,652.1
Other operating receivables	269.8		0.9			268.9		269.8
Other receivables and prepaid expenses	426.8	78.5				348.3		348.3
Currency derivatives	2.2		1.4	0.7	0.1			2.2
Interest rate derivatives								
Cash and cash equivalents	1,562.2		1,562.2					1,562.2
ASSETS	4,046.9	78.5	1,564.5	0.7	67.2	2,336.0		3,968.4
Non-current financial liabilities***	1,594.0	1.1					1,592.9	1,664.1
Current financial liabilities	311.9						311.9	311.9
Prepayments from customers	155.1					155.1		
Trade payables	3,733.3				3,733.3			
Accrued taxes and payroll costs	579.1					579.1		
Sundry payables	377.2	78.4	1.3	7.3		290.2		
<i>Of which Currency derivatives</i>	6.7		1.3	5.4				
<i>Interest rate derivatives</i>	1.9			1.9				
LIABILITIES	6,750.6	79.5	1.3	7.3		4,757.7	1,904.8	1,976.0

* No financial instruments were transferred between categories in 2016.

** All of the instruments in this category are financial assets or liabilities designated on initial recognition.

*** The fair value of the bonds, excluding accrued interest, was established on the basis of the closing price at December 31, 2016: for the 2022 bonds quoted at 103.585% of par, €725.1 million; for the 2023 bonds quoted at 104.494% of par, €731.5 million.



2015

Breakdown by instrument category*

	Carrying amount (in € millions)	Carrying amount not defined as financial instruments	Financial assets/ liabilities at fair value through profit or loss**	Financial assets/ liabilities at fair value through equity**	Available for sale assets	Loans and receivables	Financial liabilities at amortized cost	Financial liabilities measured at fair value
Other equity interests	15.6				15.6			15.6
Other non-current financial assets	69.4					69.4		69.4
Trade accounts receivables	1,696.9					1,696.9		1,696.9
Other operating receivables	253.9		1.7			252.2		253.9
Other receivables and prepaid expenses	316.5	41.5				275.0		275.0
Currency derivatives	6.8		6.4	0.4				6.8
Interest rate derivatives	0.0							0.0
Cash and cash equivalents	932.5		932.5					932.5
ASSETS	3,291.6	41.5	940.6	0.4	15.6	2,293.5	0.0	3,250.1
Non-current financial liabilities***	966.2	1.6				964.6		965.4
Current financial liabilities	918.9					918.9		978.4
Prepayments from customers	125.9				125.9			
Trade payables	3,449.7					3,449.7		
Accrued taxes and payroll costs	539.0				539.0			
Sundry payables	235.7	15.3	2.6	7.0		210.8		
<i>Of which Currency derivatives</i>	<i>7.6</i>		<i>2.6</i>	<i>5.0</i>				
<i>Interest rate derivatives</i>	<i>2.0</i>			<i>2.0</i>				
LIABILITIES	6,235.4	16.9	2.6	7.0	0.0	4,325.4	1,883.5	1,943.8

* No financial instruments were transferred between categories in 2016.

** All of the instruments in this category are financial assets or liabilities designated on initial recognition.

*** The fair value of the 2018 OCEANE was established on the basis of the year-end valuation (Dec. 31, 2015) of €46.0 at €32.3 million. In the balance sheet, OCEANE are recorded, on the one hand, as an amount of the component for bonds with no conversion option and, on the other hand, as a registered component of shareholder's equity that represents the value of the conversion option.

The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (Dec. 31, 2015): for the 2016 bonds quoted 108.296% of par, at €530.7 million and for the 2022 bonds quoted 98.916% of par, at €692.4 million.

The main measurement methods applied are as follows:

- items accounted for at fair value through profit or loss, as well as hedging instruments, are measured using a valuation technique based on rates quoted on the interbank market, such as Euribor and exchange rates set daily by the European Central Bank;

- financial liabilities are primarily recognized at amortized cost calculated using the effective interest rate method;
- the fair value of trade receivables and payables related to manufacturing and sales operations corresponds to their carrying value given their very short maturities.

The impact of financial instruments on income:

(in € millions)	2016 Impact Income	Breakdown by category of instrument				
		Fair value through profit or loss	Available for sale assets	Loans and receivables	Financial liabilities at amortized cost	Derivative instruments
Translation differences on commercial transactions	(15.8)	(15.9)				0.1
Income on loans, cash investments and marketable securities	11.4	11.4				
Finance costs	(150.5)				(150.5)	
Other financial income and expenses	(23.3)			(23.1)		(0.2)
Net income (expenses)	(178.2)	(4.5)	0.0	(23.1)	(150.5)	(0.1)

(in € millions)	2015 Impact Income	Breakdown by category of instrument				
		Fair value through profit or loss	Available for sale assets	Loans and receivables	Financial liabilities at amortized cost	Derivative instruments
Translation differences on commercial transactions	(7.7)	(8.8)				1.1
Income on loans, cash investments and marketable securities	12.1	12.1				
Finance costs	(173.6)				(173.6)	
Other financial income and expenses	(45.2)			(45.0)		(0.2)
Net income (expenses)	(214.4)	3.3	0.0	(45.0)	(173.6)	0.9

As of December 31, 2016, movements in provisions for impairment break down as follows by category of financial asset:

(in € millions)	Amount as at January 1, 2016		Additions	Utilizations	Reversals (surplus provisions)	Change in scope of consolidation and other changes	Amount as at December 31, 2016
	2016	2016					
Doubtful accounts	(19.2)	(13.5)	14.1	0.0	0.6		(18.0)
Shares in non-consolidated companies	(1.8)	0.0	0.0	0.0	0.0		(1.8)
Non-current financial assets	(28.0)	(2.0)	1.0	5.0	(2.2)		(26.2)
Other receivables	(18.4)	0.0	8.9	0.0	(0.4)		(9.9)
TOTAL	(67.4)	(15.5)	24.0	5.0	(2.0)		(55.9)

29.2 Financial instruments – fair value hierarchy

The Group's financial instruments that are measured at fair value break down as follows by level of fair value measurement:

Level 1 (prices quoted in active markets) for short-term cash investments and Level 2 (measured using a valuation technique based on rates quoted on the interbank market, such as Euribor and exchange rates set daily by the European Central Bank) for currency and interest rate instruments.



NOTE 30

HEDGING OF CURRENCY AND INTEREST RATE RISKS

30.1 Transactions in foreign currencies and derivatives

Transactions in foreign currencies are converted at the exchange rate prevailing on the transaction date. Receivables and payables are converted at the year-end exchange rate. Resulting gains or losses are recorded in the income statement as operating income or expenses for operating receivables and payables, and under "Other financial income and expenses" for other receivables and payables.

Faurecia uses derivative instruments traded on organized markets or purchased over-the-counter from first-rate counterparties to hedge currency and interest rate risks.

They are recorded at fair value in the balance sheet.

30.2 Hedging of currency risks

Currency risks relating to the commercial transactions of the Group's subsidiaries are managed centrally by Faurecia using forward purchase and sale contracts and options as well as foreign currency financing. Faurecia manages the hedging of currency risks on a central basis, through the Group Finance and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Currency risks on forecasted transactions are hedged on the basis of estimated cash flows determined when budgets are prepared, validated by Executive Management; these forecasts are updated on a regular basis. The related derivatives are classified as cash flow hedges when there is a hedging relationship that satisfies the IAS 39 criteria.

Subsidiaries with a functional currency different from the euro are granted inter-company loans in their operating currencies. Although these loans are refinanced in euros and eliminated in consolidation, they contribute to the Group's currency risk exposure and are therefore hedged through foreign exchange swaps.

The effective portion of changes in the fair value of instruments used to hedge future revenues is recorded in equity and recorded to operating income when the hedged revenues are received.

Changes in the fair value of instruments used to hedge trade receivables and payables are recorded as operating income or expense.

The portion of the change in fair value of these hedges that is ineffective (time value of the hedges) is recorded under "Other financial income and expenses" together with changes in the fair value of instruments used to hedge other receivables and payables.

2016

Currency exposure (in € millions)	USD	CZK	CNY	RUB	GBP	PLN	MXN	ZAR
Trade receivables (net of payables)	(1.3)	(9.3)	44.5	5.8	(2.3)	(19.3)	0.0	20.2
Financial assets (net of liabilities)*	249.5	8.1	18.2	22.9	(65.5)	0.0	0.0	33.4
Forecast transactions**	89.2	(49.6)	(15.9)	6.3	(16.0)	(100.5)	(82.7)	(5.4)
Net position before hedging	337.4	(50.8)	46.8	35.0	(83.8)	(119.8)	(82.7)	48.2
Currency hedges	(310.2)	43.4	(17.8)	(27.7)	65.4	92.4	24.7	(34.7)
Net position after hedging	27.3	(7.4)	29.0	7.4	(18.4)	(27.4)	(58.0)	13.5

* Including inter-company financing.

** Commercial exposure anticipated over the next six months.

2015

Currency exposure (in € millions)	USD	CZK	CAD	RUB	GBP	PLN	MXN	ZAR
Trade receivables (net of payables)	1.0	(6.5)	0.0	0.0	0.0	(13.1)	0.0	11.1
Financial assets (net of liabilities)*	375.9	0.0	(11.2)	11.7	(53.7)	0.0	0.0	26.6
Forecast transactions**	43.2	(56.3)	(9.1)	37.6	1.2	(135.1)	(57.1)	(18.8)
Net position before hedging	420.1	(62.8)	(20.3)	49.3	(52.5)	(148.2)	(57.1)	18.9
Currency hedges	(418.7)	58.0	21.9	(40.5)	53.7	140.9	52.3	(26.6)
Net position after hedging	1.4	(4.9)	1.6	8.7	1.2	(7.3)	(4.8)	(7.7)

* Including inter-company financing.

** Commercial exposure anticipated over the next six months.

Hedging instruments are recognized in the balance sheet at fair value. Said value is determined based on measurements confirmed by banking counterparties.

INFORMATION ON HEDGED NOTIONAL AMOUNTS

(in € millions) 2016	Carrying amount			Maturities		
	Assets	Liabilities	Notional amount*	< 1 year	1 to 5 years	> 5 years
Fair value hedges						
• Forward currency contracts	0.1	0.0	4.7	4.7	0.0	0.0
• Inter-company loans in foreign currencies swapped for euros	2.2	(1.3)	509.4	509.4	0.0	0.0
• Cross-currency swaps	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow hedges						
• Forward currency contracts	0.7	(5.4)	252.1	252.1	0.0	0.0
Not eligible for hedge accounting	0.1	0.0	11.1	11.1	0.0	0.0
	3.1	(6.7)				

* Notional amounts based on absolute values.

(in € millions) 2015	Carrying amount			Maturities		
	Assets	Liabilities	Notional amount*	< 1 year	1 to 5 years	> 5 years
Fair value hedges						
• Forward currency contracts	1.1	0.0	29.0	29.0	0.0	0.0
• Inter-company loans in foreign currencies swapped for euros	6.8	(2.6)	555.2	555.2	0.0	0.0
• Cross-currency swaps	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow hedges						
• Forward currency contracts	0.4	(5.0)	327.3	327.3	0.0	0.0
Not eligible for hedge accounting	0.2	0.0	41.9	41.9	0.0	0.0
	8.5	(7.6)				

* Notional amounts based on absolute values.

The sensitivity of Group income and equity as of December 31, 2016 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

Currency exposure (in € millions)	USD	CZK	CNY	RUB	GBP	PLN	ZAR
2016	1.05	27.02	7.32	64.30	0.86	4.41	14.46
Currency fluctuation scenario (depreciation of currency/EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Exchange rate after currency depreciation	1.11	28.37	7.69	67.52	0.90	4.63	15.18
Impact on income before tax (in € millions)	(0.02)	0.06	(2.28)	(0.14)	0.21	0.95	(1.22)
Impact on equity (in € millions)	3.18	(2.06)	0.00	0.00	0.00	(4.35)	0.16

These impacts reflect (i) the effect on the income statement of currency fluctuations on the year-end valuation of assets and liabilities recognized on the balance sheet, net of the impact of the change in the intrinsic value of hedging instruments (both

those qualifying and not qualifying as fair value hedges) and (ii) the effect on equity of the change in the intrinsic value of hedging instruments for derivatives qualifying as cash flow hedges.



30.3 Interest-rate hedges

Faurecia manages hedging of interest rate risks on a central basis. Such management is implemented through the Group Finance and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Changes in the fair value of interest rate hedges are recorded directly in "Other financial income and expenses" when the

hedging relationship cannot be demonstrated under IAS 39, or where the Group has elected not to apply hedge accounting principles.

The table below shows the Group's interest rate position, with assets, liabilities and derivatives broken down into fixed or variable rates. Financial assets include cash and cash equivalents and interest rate hedges include interest rate swaps as well as in-the-money options.

	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
(in € millions)										
2016										
Financial assets		1,564.4								1,564.4
Financial liabilities	(1.4)	(306.2)	(37.5)	0.0	(80.2)	(75.1)	(1,405.7)	0.0	(1,524.8)	(381.3)
Net position before hedging	(1.4)	1,258.2	(37.5)	0.0	(80.2)	(75.1)	(1,405.7)	0.0	(1,524.8)	1,183.1
Interest rate hedges	(50.0)	50.0	(400.0)	400.0	0.0	0.0	0.0	0.0	(450.0)	450.0
Net position after hedging	(51.4)	1,308.2	(437.5)	400.0	(80.2)	(75.1)	(1,405.7)	0.0	(1,974.8)	1,633.1

	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
(in € millions)										
2015										
Financial assets		942.0								942.0
Financial liabilities	(516.7)	(412.1)	(36.2)	(21.8)	(90.3)	(100.8)	(726.6)	0.0	(1,369.8)	(534.7)
Net position before hedging	(516.7)	529.9	(36.2)	(21.8)	(90.3)	(100.8)	(726.6)	0.0	(1,369.8)	407.3
Interest rate hedges	0.0	0.0	(50.0)	50.0	(400.0)	400.0	0.0	0.0	(450.0)	450.0
Net position after hedging	(516.7)	529.9	(86.2)	28.2	(490.3)	299.2	(726.6)	0.0	(1,819.8)	857.3

The main components of the fixed rate debt are:

- bonds maturing in June 2022, issued in March and April 2015 for a total amount of €700 million;
- bonds maturing in June 2023, issued in April 2016 for a total amount of €700 million.

A significant part of the gross borrowings (syndicated credit facility, sale of receivables, short-term loans, commercial paper as applicable) are at variable or renewable rates. The aim of the Group's interest rate hedging policy is to reduce the impact of

changes in short-term rates on earnings. The hedges arranged comprise mainly euro-denominated interest rate swaps. In order to benefit from historically low interest rates, 2- and 3-year maturity hedges have been set up. These hedges cover a part of the interest on variable rate borrowings, due in 2017 and first quarter of 2018, against a rise in interest rates.

Interest rate hedging instruments are recognized in the balance sheet at fair value. Such value is determined based on measurements of market data, confirmed by banking counterparties.

The notional amounts of the Group's interest rate hedges break down as follows:

(in € millions)	Carrying amount		Notional amounts by maturity		
	Assets	Liabilities	< 1 year	1 to 5 years	> 5 years
2016					
Interest rate options	0.0	0.0	0.0	0.0	0.0
Variable rate/fixed rate swaps	0.0	(1.9)	50.0	400.0	0.0
Accrued premiums payables	0.0	0.0	0.0	0.0	0.0
	0.0	(1.9)	50.0	400.0	0.0

(in € millions)	Carrying amount		Notional amounts by maturity		
	Assets	Liabilities	< 1 year	1 to 5 years	> 5 years
2015					
Interest rate options	0.0	0.0	0.0	0.0	0.0
Variable rate/fixed rate swaps	0.0	(2.0)	0.0	450.0	0.0
Accrued premiums payables	0.0	0.0	0.0	0.0	0.0
	0.0	(2.0)	0.0	450.0	0.0

A part of the Group borrowings being at variable rates as stated in Note 26.4, a rise in short-term rates would therefore have an impact on financial expense.

The sensitivity tests performed, assuming a 100 bp increase in average interest rates compared to the rate curve as of

December 31, 2016 show that the effect on net financial expense (before taxes) would not be significant, taking into account the profile of the Group's borrowings and derivatives in place as of December 31, 2016.

30.4 Counterparty risk on derivatives

Faurecia's counterparty risk connection with its derivatives is not significant as the majority of its derivatives are arranged with banks with strong ratings that form part of its banking pool. The consideration of derivatives compensation agreements existing with counterparties, is summarized as follows:

Financial assets as of 12/31/2016 (in € millions)	(a) Gross amount value (before compensation)	(b) Gross amounts compensated (according to IAS 32)	(d) Related amounts not set off in the balance sheet (not fulfilling IAS 32 compensation criteria)			(e) = (c) - (d) Collaterals received	Net amount
			(c) = (a) - (b)	Net amounts presented in the balance sheet	Financial instruments		
Derivatives	3.15	0.0	3.15	3.15	5.46	0.0	(2.32)
Other financial instruments							
TOTAL	3.15	0.0	3.15	3.15	5.46	0.0	(2.32)



	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the balance sheet (not fulfilling IAS 32 compensation criteria)		(e) = (c) - (d)
				Gross amounts compensated (according to IAS 32)	Net amounts presented in the balance sheet	
Financial liabilities as of 12/31/2016 (in € millions)	Gross amount value (before compensation)	Gross amounts compensated (according to IAS 32)	Net amounts presented in the balance sheet	Financial instruments	Collaterals received	Net amount
Derivatives	8.47	0.0	8.47	5.46	0.0	3.0
Other financial instruments						
TOTAL	8.47	0.0	8.47	5.46	0.0	3.0

NOTE 31**COMMITMENTS GIVEN AND CONTINGENT LIABILITIES****COMMITMENTS GIVEN**

(in € millions)	2016	2015
Future minimum lease payments under operating leases	460.8	433.6
Debt collateral:		
• mortgages	1.9	5.6
Other debt guarantees	68.0	65.7
Firm orders for property, plant and equipment & intangible assets	144.2	105.2
Other	2.0	2.2
TOTAL	676.9	612.3

Future minimum lease payments under operating leases break down as follows:

(in € millions)	2016	2015
N+1	94.7	107.7
N+2	80.3	86.8
N+3	66.2	73.7
N+4	50.4	60.8
N+5 and above	169.2	184.4
TOTAL	460.8	513.4

Expiry dates of mortgages and guarantees:

(in € millions)	2016
• Less than a year	24.5
• 1 to 5 years	6.2
• More than 5 years	39.2
TOTAL	69.9

NOTE 32**RELATED-PARTY TRANSACTIONS****32.1 Transactions with PSA group**

The Faurecia group is managed independently and transactions with the PSA group are conducted at arm's length terms.

Transactions with consolidated entities are eliminated by the consolidation process. Faurecia's business relations with non consolidated or equity consolidated entities are considered as non significant.

These transactions with companies accounted for by the equity method by the PSA group (see Note 13) are recognized as follows in the Group's consolidated financial statements:

(in € millions)	2016	2015
Sales of continued activities	2,108.8	2,178.8
<i>Sales of discontinued operations</i>	189.1	269.7
Purchases of products, services and materials	15.6	17.4
Receivables of continued activities*	415.6	438.8
<i>Receivables of discontinued operations</i>	0.0	40.8
Trade payables of continued activities	34.2	24.5
Trade Payables of discontinued operations	0.0	3.2

* Before no-recourse sales of receivables amounting to:

208.5 175.5

32.2 Management compensation

Total compensation for 2016 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity as at December 31, 2016 amounted to €11,795,349

including directors' fees of €523,400, compared with the 2015 figures of €9,258,730 and €413,200 respectively.

No Faurecia stock subscription options were awarded to management in 2016.



NOTE 33

FEES PAID TO THE STATUTORY AUDITORS

(in € millions)	PricewaterhouseCoopers Audit				Ernst & Young Audit			
	Amount (excl. VAT)		%		Amount (excl. VAT)		%	
	2016	2015	2016	2015	2016	2015	2016	2015
AUDIT								
Statutory and contractual audits	4.5	3.8	84.9%	95.0%	4.1	4.8	89.1%	88.9%
Issuer	0.6	0.5	11.3%	12.5%	0.7	0.7	15.2%	13.0%
Fully consolidated companies	3.9	3.3	73.6%	82.5%	3.4	4.1	73.9%	75.9%
Other services relating directly to the auditor's duties	0.8	0.2	15.1%	5.0%	0.5	0.6	10.9%	11.1%
Issuer	0.8	0.2	15.1%	5.0%	0.5	0.6	10.9%	11.1%
Fully consolidated companies	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
SUB-TOTAL	5.3	4.0	100.0%	100.0%	4.6	5.4	100.0%	100.0%
OTHER SERVICES PROVIDED BY THE NETWORKS TO FULLY CONSOLIDATED COMPANIES (LEGAL AND TAX ADVISORY SERVICES)								
Issuer	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
Fully consolidated companies	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
Other (disclosure required where > 10% of audit fees)	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
SUB-TOTAL	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
TOTAL	5.3	4.0	100.0%	100.0%	4.6	5.4	100.0%	100.0%

NOTE 34

INFORMATION ON THE CONSOLIDATING COMPANY

The consolidated financial statements of the Faurecia group are included in the consolidated accounts of its parent, Peugeot S.A., parent company of the PSA group, 75 Avenue de la Grande-Armée, 75116 Paris, France.

As of December 31, 2016, Peugeot S.A. held 46.33% of the capital stock of Faurecia and 62.94% of the voting rights.

NOTE 35

DIVIDENDS

The Board of Directors has decided to propose to the next General Meeting of Shareholders a dividend of €0.90 per share.

10.6. List of consolidated companies as of December 31, 2016

	Country	Interest of (%)	% stake ⁽¹⁾
I - FULLY CONSOLIDATED COMPANIES			
Faurecia	France	Parent company	Parent company
South Africa			
Faurecia Exhaust Systems South Africa, Ltd	South Africa	100	100
Faurecia Interior Systems South Africa (Pty), Ltd	South Africa	100	100
Faurecia Interior Systems Pretoria (Pty), Ltd	South Africa	100	100
Faurecia Emissions Control Technologies South Africa (Cape Town) (Pty), Ltd	South Africa	100	100
Germany			
Faurecia Autositze GmbH	Germany	100	100
Faurecia Abgastechnik GmbH	Germany	100	100
Faurecia Angell-Demmel GmbH	Germany	100	100
Faurecia Automotive GmbH	Germany	100	100
Faurecia Innenraum Systeme GmbH	Germany	100	100
Faurecia Emissions Control Technologies, Germany GmbH	Germany	100	100
Argentina			
Faurecia Sistemas De Escape Argentina S.A.	Argentina	100	100
Faurecia Argentina S.A.	Argentina	100	100
Belgium			
Faurecia Automotive Belgium	Belgium	100	100
Faurecia Industrie N.V.	Belgium	100	100
Brazil			
Faurecia Automotive do Brasil, Ltda	Brazil	100	100
Faurecia Emissions Control Technologies do Brasil S.A.	Brazil	100	100
Canada			
Faurecia Emissions Control Technologies Canada, Ltd	Canada	100	100
China			
Faurecia Exhaust Systems Changchun Co., Ltd (ex-CLEC)	China	51	100
Changchun Faurecia Xuyang Automotive Seat Co., Ltd (CFXAS)	China	60	100
Faurecia - GSK (Wuhan) Automotive Seating Co., Ltd	China	51	100
Faurecia (Wuxi) Seating Components Co., Ltd	China	100	100
Faurecia Tongda Exhaust Systems Wuhan Co., Ltd (ex-TEEC)	China	50	100
Faurecia Honghu Exhaust Systems Shanghai Co., Ltd (ex-SHEESC)	China	66	100
Faurecia (Changchun) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies Development (Shanghai) Co., Ltd	China	100	100
Faurecia (Shanghai) Automotive Systems Co., Ltd	China	100	100
Faurecia (Qingdao) Exhaust Systems Co., Ltd	China	100	100
Faurecia (Wuhu) Exhaust Systems Co., Ltd	China	100	100

(1) Cumulated percentages of interest for fully consolidated companies.



	Country	Interest of (%)	% stake ⁽¹⁾
Faurecia (China) Holding Co., Ltd	China	100	100
Faurecia (Guangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Shanghai) Co., Ltd	China	66	100
Faurecia Emissions Control Technologies (Chongqing) Co., Ltd	China	72.5	100
Faurecia Emissions Control Technologies (Yantai) Co., Ltd	China	100	100
Faurecia (Chengdu) Emission Control Technologies Co., Ltd	China	51	100
Faurecia (Nanjing) Automotive Systems Co., Ltd	China	100	100
Faurecia (Shenyang) Automotive Systems Co., Ltd	China	100	100
Faurecia (Wuhan) Automotive Components Systems Co., Ltd	China	100	100
Changchun Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Chongqing Guangneng Faurecia Interior Systems Co., Ltd	China	50	100
Chengdu Faurecia Limin Automotive Systems Co., Ltd	China	79.19	100
Faurecia (Yancheng) Automotive Systems Co., Ltd	China	100	100
Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Beijing) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Ningbo) Co., Ltd	China	91	100
Faurecia Emissions Control Technologies (Foshan) Co., Ltd	China	51	100
Foshan Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Faurecia PowerGreen Emissions Control Technologies (Shanghai) Co., Ltd	China	91	100
Faurecia Emissions Control Technologies (Ningbo Hangzhou Bay New District) Co., Ltd	China	66	100
Shanghai Faurecia Automotive Seating Co., Ltd	China	55	100
Changsha Faurecia Emissions Control Technologies Co., Ltd	China	100	100
Dongfeng Faurecia Automotive Interior Systems Co., Ltd	China	50	100
Faurecia (Tianjin) Automotive Systems Co., Ltd	China	100	100
Faurecia Exhaust Systems Qingpu Co., Ltd	China	100	100
Faurecia (Jimo) Emissions Control Technologies Co., Ltd	China	100	100
South Korea			
Faurecia Emissions Control Systems Korea, Ltd (ex-Daeki)	South Korea	100	100
Faurecia Shin Sung Co., Ltd	South Korea	60	100
Spain			
Asientos de Castilla Leon, S.A.	Spain	100	100
Asientos del Norte, S.A.	Spain	100	100
Faurecia Asientos Para Automovil España, S.A.	Spain	100	100
Faurecia Sistemas De Escape España, S.A.	Spain	100	100
Tecnoconfort	Spain	50	100
Asientos de Galicia, S.L.	Spain	100	100
Faurecia Automotive España, S.L.	Spain	100	100
Faurecia Interior System España, S.A.	Spain	100	100
Faurecia Interior System SALC España, S.L.	Spain	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	% stake ⁽¹⁾
Valencia Modulos de Puertas, S.L.	Spain	100	100
Faurecia Emissions Control Technologies, Pamplona, S.L.	Spain	100	100
Incalpas, S.L.	Spain	100	100
Faurecia Holding España S.L.	Spain	100	100
United States			
Faurecia Emissions Control Systems NA, LLC	United States	100	100
Faurecia Automotive Seating, LLC	United States	100	100
Faurecia USA Holdings, Inc.	United States	100	100
Faurecia Emissions Control Technologies, USA, LLC	United States	100	100
Faurecia Interior Systems, Inc.	United States	100	100
Faurecia Madison Automotive Seating, Inc.	United States	100	100
Faurecia Interiors Louisville, LLC	United States	100	100
Faurecia Interior Systems Saline, LLC	United States	100	100
Faurecia Mexico Holdings, LLC	United States	100	100
FNK North America, Inc.	United States	100	100
Faurecia North America, Inc.	United States	100	100
France			
Faurecia Sièges d'Automobile	France	100	100
Faurecia Industries	France	100	100
ECSA - Études et Construction de Sièges pour l'Automobile	France	100	100
Siebret	France	100	100
Siedoubs	France	100	100
Siestest	France	100	100
Siemar	France	100	100
Faurecia Seating Flers	France	100	100
Faurecia Investments	France	100	100
Trecia	France	100	100
Faurecia Automotive Holdings	France	100	100
Faurecia Automotive Industrie	France	100	100
Faurecia Intérieur Industrie	France	100	100
Faurecia Systèmes d'Échappement	France	100	100
Faurecia Services Groupe	France	100	100
Faurecia Exhaust International	France	100	100
Faurecia - Metalloprodukcia Holding	France	70	100
Faurecia ADP Holding	France	100	100
Faurecia Interieurs Saint-Quentin	France	100	100
Faurecia Interieurs Mornac	France	100	100
Faurecia Ventures	France	100	100
Faurecia Automotive Composites	France	100	100
Faurecia Exteriors International	France	100	100
Hambach Automotive Exteriors	France	100	100

(1) Cumulated percentages of interest for fully consolidated companies.



	Country	Interest of (%)	% stake ⁽¹⁾
Great Britain			
Faurecia Automotive Seating UK, Ltd	Great Britain	100	100
Faurecia Midlands, Ltd	Great Britain	100	100
SAI Automotive Fradley, Ltd	Great Britain	100	100
SAI Automotive Washington, Ltd	Great Britain	100	100
Faurecia Emissions Control Technologies UK, Ltd	Great Britain	100	100
Hungary			
Faurecia Emissions Control Technologies, Hungary Kft	Hungary	100	100
India			
Faurecia Automotive Seating India Private, Ltd	India	100	100
Faurecia Emissions Control Technologies India Private, Ltd	India	74	100
Faurecia Interior Systems India Private, Ltd	India	100	100
Faurecia Emissions Control Technologies Technical Center India Private, Ltd	India	100	100
Iran			
Faurecia Azin Pars Company	Iran	51	100
Italy			
Faurecia Emissions Control Technologies, Italy SRL	Italy	100	100
Japan			
Faurecia Japan K.K.	Japan	100	100
Faurecia Howa Interiors Co., Ltd	Japan	50	100
Luxembourg			
Faurecia AST Luxembourg S.A. (ex-SAI Automotive SILUX S.A.)	Luxembourg	100	100
Malaysia			
Faurecia HICOM Emissions Control Technologies (M) Sdn-Bhd	Malaysia	65	100
Morocco			
Faurecia Equipements Automobiles Maroc	Morocco	100	100
Faurecia Automotive Systems Technologies	Morocco	100	100
Mexico			
Faurecia Sistemas Automotrices de Mexico, S.A. de C.V.	Mexico	100	100
Servicios Corporativos de Personal Especializado, S.A. de C.V.	Mexico	100	100
Exhaust Services Mexicana, S.A. de C.V.	Mexico	100	100
ET Mexico Holdings II, S. de R.L. de C.V.	Mexico	100	100
Faurecia Howa Interior Mexico, S.A. de C.V.	Mexico	51	100
Netherlands			
Faurecia Automotive Seating B.V.	Netherlands	100	100
ET Dutch Holdings B.V.	Netherlands	100	100
Faurecia Emissions Control Technologies Netherlands B.V.	Netherlands	100	100
Poland			
Faurecia Automotive Polska S.A.	Poland	100	100
Faurecia Walbrzych S.A.	Poland	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	% stake ⁽¹⁾
Faurecia Grojec R&D Center S.A.	Poland	100	100
Faurecia Legnica S.A.	Poland	100	100
Faurecia Gorzow S.A.	Poland	100	100
Portugal			
Faurecia - Assentos de Automovel, Lda	Portugal	100	100
SASAL	Portugal	100	100
Faurecia - Sistemas De Escape Portugal, Lda	Portugal	100	100
EDA - Estofagem de Assentos, Lda	Portugal	100	100
Faurecia Sistemas de Interior de Portugal, Componentes Para Automoveis S.A.	Portugal	100	100
Czech Republic			
Faurecia Exhaust Systems, S.R.O.	Czech Republic	100	100
Faurecia Automotive Czech Republic, S.R.O.	Czech Republic	100	100
Faurecia Interior Systems Bohemia, S.R.O.	Czech Republic	100	100
Faurecia Components Pisek, S.R.O.	Czech Republic	100	100
Faurecia Interiors Pardubice, S.R.O.	Czech Republic	100	100
Faurecia Emissions Control Technologies, Mlada Boleslav, S.R.O.	Czech Republic	100	100
Faurecia Plzen	Czech Republic	100	100
Romania			
Faurecia Seating Talmaciu S.R.L.	Romania	100	100
Euro Auto Plastic Systems S.R.L.	Romania	50	100
Russia			
000 Faurecia ADP	Russia	60	100
000 Faurecia Metalloprodukcia Exhaust Systems	Russia	70	100
000 Faurecia Automotive Development	Russia	100	100
000 Faurecia Automotive Exteriors Bumpers	Russia	100	100
Slovakia			
Faurecia Automotive Slovakia, S.R.O.	Slovakia	100	100
Sweden			
Faurecia Interior Systems Sweden AB	Sweden	100	100
Thailand			
Faurecia Interior Systems (Thailand) Co., Ltd	Thailand	100	100
Faurecia Emissions Control Technologies, Thailand Co., Ltd	Thailand	100	100
Faurecia & Summit Interior Systems (Thailand) Co., Ltd	Thailand	50	100
Tunisia			
Société Tunisienne d'Équipements d'Automobile	Tunisia	100	100
Faurecia Informatique Tunisie	Tunisia	100	100
Turkey			
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
Uruguay			
Faurecia Automotive Del Uruguay, S.A.	Uruguay	100	100

(1) Cumulated percentages of interest for fully consolidated companies.



	Country	Interest of (%)	% stake ⁽¹⁾
II - COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD			
Germany			
SAS Autosystemtechnik GmbH und Co., KG	Germany	50	50
Brazil			
FMM Pernambuco Componentes Automotivos, Ltda	Brazil	35	35
China			
Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd	China	40	40
Zhejiang Faurecia Limin Interior & Exterior Systems Co., Ltd	China	50	50
Xiangtan Faurecia Limin Interior & Exterior Systems Co., Ltd	China	50	50
Lanzhou Limin Automotive Parts Co., Ltd	China	50	50
Jinan Jidao Auto Parts Co., Ltd	China	50	50
CSM Faurecia Automotive Parts Co., Ltd	China	50	50
Changchun Faurecia Xuyang Automotive Components Technologies R&D Co., Ltd	China	45	45
Dongfeng Faurecia Automotive Exterior Co., Ltd	China	50	50
Dongfeng Faurecia (Wuhan) Automotive Parts Sales Co., Ltd	China	50	50
Wuhan Hongtai Changpeng Automotive Components Co., Ltd	China	49	49
Beijing Wkw-Fad Automotive Parts Co., Ltd	China	50	50
Spain			
Componentes de Vehiculos de Galicia, S.A.	Spain	50	50
Copo Iberica, S.A.	Spain	50	50
Industrias Cousin Frères, S.L.	Spain	50	50
United States			
Detroit Manufacturing Systems, LLC	United States	45	45
DMS leverage lender, LLC	United States	45	45
France			
Automotive Performance Materials (APM)	France	50	50
India			
NHK F. Krishna India Automotive Seating Private, Ltd	India	19	19
Italy			
Ligneos Srl	Italy	50	50
Japan			
Faurecia - NHK Co., Ltd	Japan	49.99	49.99
Portugal			
Vanpro Assentos, Lda	Portugal	50	50
Turkey			
Teknik Malzeme Ticaret Ve Sanayi AS	Turkey	50	50

(1) Cumulated percentages of interest for fully consolidated companies.

10.7. Statutory Auditors' Report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Faurecia;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Code of commerce (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 2.1 to the consolidated financial statements describes the accounting principles applied to calculate the capital gain on the sale of the Company's Automotive Exteriors activity to Plastic Omnium and the accounting treatment of assets held for sale and discontinued operations, in accordance with IFRS 5. We verified the appropriateness of these principles, their correct application and the appropriateness of the disclosures provided in that Note.
- Your Company performs impairment tests on goodwill at each reporting date and also assesses whether fixed assets show any indication of impairment, based on the methods described in Note 10 to the consolidated financial statements. We have reviewed the methods used to carry out these impairment tests as well as the corresponding cash flow forecasts and assumptions applied by your Company. We also verified the appropriateness of the disclosures provided in Note 10.



- Note 8 to the consolidated financial statements concerning corporate income tax specifies that deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which they can be utilized. Our work consisted in verifying that this method had been correctly applied and reviewing the forecasts and assumptions supporting the probability of recovering these deferred tax assets.
- As part of our assessment of the accounting principles used by your Company, we verified the methods used to capitalize and amortize development costs. We also verified the recoverable amount of these assets and the appropriateness of the disclosures provided in Note 11 to the consolidated financial statements.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, February 16, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Eric Bertier

ERNST & YOUNG Audit

Valérie Quint

11

Legal and financial information

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11.1. Faurecia parent company financial statements and management report

11.1.1. FAURECIA MANAGEMENT REPORT

Management report of the parent company

Faurecia S.A. is a holding company which directly and indirectly provides financial, accounting, IT, executive management and administrative services to companies in the Group.

Sales rose significantly in 2016, increasing to €302.2 million from €253 million the previous year, in line with continued growth in the Group's business. Since 2010, the parent company, Faurecia S.A., has had a pivotal role for the rebilling of services to Group entities. It also centralizes all of the Group's cash management activities.

In addition to providing services to Group subsidiaries, Faurecia invoices trademark royalties, calculated as a proportion of the subsidiaries' sales. These royalties, extended since 2015 to all companies wholly owned by the Group, totaled €93 million in 2016, versus €86.5 million in 2015.

Results of operations

The Company ended 2016 with an operating profit of €26.4 million, compared with €56.8 million in 2015.

Net financial income totaled €39.9 million compared to net financial income of €152.8 million in 2015.

This change is due to the following: the fact that 2015 had been positively impacted by the absorption of the company Financière Faurecia through the transfer of all assets and liabilities, in the amount of €22.3 million; the drop in net reversals of provisions for foreign exchange losses, totaling €1.6 million versus €29.4 million in 2015; no reversal of provisions on equity investments versus a reversal of €20.1 million in 2015; the drop in the amortization of bond issue premiums, amounting to €1.9 million versus €15.8 million in 2015; and an increase in the amortization of the bond redemption premium, amounting to €31.5 million versus €20.2 million in 2015.

In 2016, the Company posted net non-recurring income of €8.1 million, versus a loss of €2.9 million in 2015.

Tax income amounted to €25.6 million, compared with €19.3 million for fiscal year 2015. This corresponds to the

tax income recognized from the positive earnings of French subsidiaries that are part of the consolidated tax group.

Net income for the fiscal year showed a profit of €100 million. This compares with a profit of €226 million in 2015.

Financial structure and net debt

The principal operations which affected the Company's financial structure are as follows:

On December 7, 2015, Faurecia announced its intention to reimburse at par value on January 15, 2016 the OCEANE bonds issued in September 2012, with a principal amount of €250 million, maturing on January 1, 2018. Following this announcement, 94.5% of the OCEANE bonds have been converted as of December 31, 2015, and the principal amount of remaining bonds outstanding at this date was €13.7 million. As of January 15, 2016, almost the entire amount has been converted and the residual nominal of €0.2 million has been reimbursed.

On April 1, 2016, Faurecia issued bonds for an amount of €700 million due June 15, 2023, carrying annual interest of 3.625%, payable on June 15 and December 15 each year, as from June 15, 2016.

They are listed on the Irish Stock Exchange (Global Exchange Market). The costs related to the bond issue are expensed in P&L over the life time of the bonds.

They include a covenant restricting the additional indebtedness if the EBITDA after certain adjustments is lower than twice the gross interest costs, and restrictions on the debt similar to those of the syndicated credit loan. No guarantees were issued by Group subsidiaries in this respect.

In November 2011 and February 2012, Faurecia had issued €490 million worth of bonds, due December 15, 2016. These bonds carried interest at 9.375% and benefited from a guarantee from certain Group subsidiaries. They were redeemed early ("make-whole") on April 12, 2016 at 106.34% of the par plus interest accrued at that date, for a total amount of €536 million.

This early redemption eliminated the guarantees on the syndicated credit facility of €1,200 million (below) and the 3.125% bonds maturing in 2022, issued in March and April 2015 for a total of €700 million.

On December 15, 2014 Faurecia had signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, in order to extend the maturity to five years from that date, or June 24, 2021 and improve its terms and conditions.

This credit facility includes only one covenant concerning compliance with consolidated financial ratios: net debt*/EBITDA** must be lower than 2.50. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2016, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 25% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

As of December 31, 2016 this credit facility was not drawn.

At December 31, 2016, the shareholders' equity in the Company before distribution of the period's earnings amounted to €3,049.4 million compared to €3,020.7 million at the close of 2015. It thus increased by €28.7 million.

At December 31, 2016, Faurecia's financial resources amounted to €206.4 million, taking into account its gross debt, net of available funds, marketable securities and advances net of intra-group cash and loans, compared with net cash and cash equivalents of €80.8 million at December 31, 2015.

As of December 31, 2016, 4.91% of the Company's debt was at floating rates. The Company hedges its exposure to changes in interest rates on this debt through interest rate derivatives.

Trade accounts payable equaling €20.7 million do not include invoices past due; these break down as follows:

(in € millions)	31/12/2016	31/12/2015
Provision for invoices not yet received	19.3	11.7
Invoices not yet due	1.4	3.1
Invoices between 1 and 30 days past due		
Invoices between 31 and 60 days past due		
Invoices between 61 and 90 days past due		
Invoices more than 90 days past due		
TOTAL	20.7	14.8

* Consolidated net debt.

** Operating income plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past 12 months.

The carrying amount of investments in subsidiaries and affiliates recognized in the balance sheet at December 31, 2016 came to €3,182.4 million (€2,895.5 million at end 2015).

Business review relating to the Company's subsidiaries

The operations and results of the Company's subsidiaries in 2016 are analyzed in detail in the review of the consolidated financial statements.

The most significant events of 2016 were as follows:

- in February 2016, the French company Hennape Cinq modified its corporate purpose, and changed its name to Faurecia Automotive Marles. In March 2016, Faurecia's entire stake in this entity was transferred to Faurecia Intérieur Industrie;
- in May 2016:
 - Faurecia's entire stake in the French company Hennape Deux was transferred to the French company Faurecia Investments. Hennape Deux changed its corporate purpose, and its name. It is now called Faurecia Ventures,
 - all assets and liabilities of the French company Automotive Sandouville were transferred to its sole shareholder Faurecia Automotive Holdings;
- in July 2016, Faurecia Bloc Avant and Faurecia Automotive Marles (France), Faurecia Exterior Belgium and Faurecia Exteriors Argentina S.A. were sold to Plastic Omnium as part of the disposal of the Automotive Exteriors business;
- in September 2016, the French company Faurecia Automotive Holdings became a 50% shareholder of the newly set-up Italian company Ligneos, S.r.l.;
- in November 2016:
 - Belgian company Faurecia Automotive Exteriors Belgium S.A., 99.98% owned by Faurecia Exteriors International and 0.02% owned by Faurecia Automotive Holdings, was voluntarily wound up,
 - French company Faurecia Exhaust International, already a 42% shareholder of Danish company Amminex Emissions Systems APS, acquired 43.82% of that entity and increased its capital stock, thereby raising its stake to 91.50%;
- in December 2016:
 - Faurecia Investments' entire stake in Canadian company Faurecia Automotive Seating Canada was transferred to Canadian company Faurecia Emissions Control Technologies Canada Ltd.,



- French company Faurecia Automotive Holdings, 60% shareholder of French company Faurecia ADP Holding, acquired the 40% stake held by Croatian partner AD Plastik D.D., thereby becoming the entity's sole shareholder; the name of Faurecia ADP Holding was changed to Faurecia Interior Luga Holding.

As this management report is being presented in the form of this Registration Document, the various chapters in this document supplement the report.

Accordingly, the risks to which Faurecia is exposed are analyzed in Chapter 4 of this Registration Document.

Research & development activities are discussed in Chapter 7 and the information on how Faurecia addresses the social and environmental consequences of its activities as well as on sustainable development commitments as part of corporate social responsibility are also discussed in that chapter and in Chapters 5 and 8.

The current capital structure, the crossing of thresholds and employee shareholding, via the Faurecia Actionnariat corporate mutual fund, are described in Section 11.3.2.

Other information on the capital stock (including the table of financial authorizations and their use in 2016, changes to the capital stock, potential capital stock and treasury stock) can be found in Section 11.4.2.2.

Details relating to the fixed, variable and exceptional compensation and benefits in kind paid to corporate officers as

well as the fees paid to the Statutory Auditors are provided in Sections 9.1.2.1, 9.1.2.2 and 11.4.2.4. Provisions recognized by Faurecia and its subsidiaries for pensions and other employee benefits are analyzed in Note 25 to the consolidated financial statements.

The list of directorships and other positions held in 2016 by each corporate officer is provided in Section 9.1.2.1.

Details of the stock options and performance shares granted by Faurecia during the year, the principal beneficiaries thereof and the number of shares subscribed for or vesting during the year, are provided in a special report. This information is provided and, in certain cases, supplemented in Note 22.2 to the consolidated financial statements and in Section 11.4.2.2 of the Registration Document.

The functioning of the Board of Directors and its specialized committees, as well as the main data on Group internal control, are covered in the Chairman's report as required by Article L. 225-37 of the French Code of commerce, comprising Section 9.1.1 and Section 9.4.

Lastly, other information, as required by Article L. 225-100-3 of the French Code of commerce is shown in Section 11.4.2.1.

The draft resolutions along with explanatory notes presented in Chapter 12, including the disclosure of the amount of dividends paid over the last three years, are an integral part of this report and supplement this information.

11.1.2. PARENT COMPANY FINANCIAL STATEMENTS

11.1.2.1. Income statement

(in € thousands)	Notes	2016	2015	2014
Services sold		302,200	253,055	213,601
Sales		302,200	253,055	213,601
Outside services		(319,608)	(261,889)	(219,755)
Taxes other than on income		(4,096)	(4,568)	(5,712)
Salaries and wages		(8,678)	(9,237)	(12,193)
Payroll taxes		(9,975)	(4,919)	(7,211)
Amortization, depreciation and provisions (net of reversals) and expense transfers	3	6,364	(1,741)	(1,503)
Other income/(expenses)	4	60,204	86,101	24,671
Total operating income and expenses		(275,789)	(196,253)	(221,703)
NET OPERATING INCOME		26,411	56,802	(8,102)
Financial income	5	173,188	319,472	285,354
Financing costs	5	(133,312)	(166,692)	(184,141)
NET FINANCIAL INCOME (EXPENSE)	5	39,876	152,780	101,213
OPERATING INCOME AFTER NET FINANCIAL INCOME		66,287	209,582	93,111
Non-recurring income	6	8,867	2,793	72,797
Extraordinary expenses	6	(783)	(5,696)	(113,015)
NET NON-RECURRING INCOME	6	8,084	(2,903)	(40,218)
Employee profit-sharing				
Corporate income tax	7	25,573	19,348	39,644
NET INCOME		99,944	226,027	92,537



11.1.2.2. Balance sheet as of December 31, 2016

Assets (in € thousands)	Notes	31/12/2016			31/12/2015	31/12/2014
		Gross amounts	Depreciation and provisions	Net amounts	Net amounts	Net amounts
Intangible assets	8	9,468	9,388	80	81	84
Property, plant and equipment	9	11,940	10,699	1,241	1,326	1,321
Investments	10	3,583,741	73,242	3,510,499	3,206,169	2,534,195
TOTAL FIXED ASSETS		3,605,149	93,329	3,511,820	3,207,576	2,535,600
Operating receivables		23,351		23,351	32,074	3,738
Other receivables	11	2,143,594		2,143,594	2,719,527	2,046,936
Marketable securities and related receivables	12	209,525		209,525	186,422	3,072
Cash and cash equivalents		740,242		740,242	69,302	95
TOTAL CURRENT ASSETS		3,116,712		3,116,712	3,007,325	2,053,841
Prepaid expenses	13	407		407	256	1,858
Unrealized foreign exchange losses		3,838		3,838	5,393	23,006
Bond redemption premiums					391	764
Deferred charges	14	24,258		24,258	19,718	20,089
TOTAL ASSETS		6,750,364	93,329	6,657,035	6,240,659	4,635,158

Liabilities (in € thousands)	Notes	31/12/2016	31/12/2015	31/12/2014
		31/12/2016	31/12/2015	31/12/2014
Capital stock		966,251	960,349	867,476
Additional paid-in capital		627,441	615,823	434,755
Statutory reserve		95,318	84,017	79,390
Untaxed reserves		8,939	8,939	8,939
Other reserves				
Retained earnings		1,251,495	1,125,519	1,080,999
Net income for the fiscal year		99,944	226,027	92,537
Untaxed provisions				
TOTAL SHAREHOLDERS' EQUITY	15	3,049,388	3,020,674	2,564,096
Provisions for contingencies and charges	16	8,280	11,604	42,048
TOTAL DEBT	17	1,534,789	1,476,053	1,945,522
Operating payables	18	34,137	27,577	18,133
Sundry payables	18	2,024,684	1,690,112	34,466
TOTAL OPERATING PAYABLES AND OTHER PAYABLES		2,058,821	1,717,689	52,599
Prepaid income			2,118	3,676
Unrealized foreign exchange gains		5,757	12,521	27,217
TOTAL EQUITY AND LIABILITIES		6,657,035	6,240,659	4,635,158

11.1.2.3. Notes to the 2016 parent company financial statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements were established in accordance with the general principles for preparing and presenting annual financial statements (ANC Regulation No. 14-03 of June 5, 2014), relating to the PCG [*Plan Comptable Général* (General Accounting Plan)], amended by the regulations of the *Comité de la Réglementation Comptable* [Accounting Regulations Committee] and the *Autorité des Normes Comptables* [Accounting Standards Authority]. The main policies applied are as follows:

1.1 Property, plant and equipment

Property, plant and equipment are stated at acquisition or production cost. Property, plant and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

- buildings: twenty to thirty years;
- building improvements, fixtures and fittings: seven to ten years;
- other fixtures and fittings: ten years;
- office equipment and computers: three to five years;
- software: one to three years;
- furniture: ten years.

1.2 Investments

Gross value is equal to contribution value or cost. A provision is made if the value in use of a security is lower than its entry value. Value in use is based on the subsidiary's revalued net assets, profitability and future outlook.

For investments intended to be sold, value-in-use estimates also take into account prices at which prior transactions were carried out, if any.

1.3 Marketable securities and related receivables

Marketable securities are stated at the lower of cost or market value.

1.4 Foreign currency transactions

Unhedged payables and receivables in foreign currency are translated at the exchange rate prevailing on the transaction date. At the balance sheet date, they are remeasured at the year-end exchange rate. Gains or losses resulting therefrom are recognized under "Unrealized foreign exchange losses" for unrealized losses and under "Unrealized foreign exchange gains" for unrealized gains.

Hedged payables and receivables are translated at the hedging rate.

1.5 Cash and cash equivalents

Cash and cash equivalents are measured at their nominal value.

1.6 Provisions for pensions and other post-employment benefits

The vested rights of employees under supplementary pension and retirement bonus plans are determined on an actuarial basis using the projected unit credit method. The valuation takes into account the probability of employees staying with the Company up to retirement age and expected future compensation levels. In cases where the funds are permanently allocated to the benefit plan concerned, their value is deducted from the related liability.

1.7 Non-recurring items

Unusual or non-recurring items are included under "Non-recurring income" and "Non-recurring expense".

1.8 Financial instruments

Interest-rate risks are hedged, where appropriate, using financial instruments traded on organized or over-the-counter markets.

Hedging gains and losses are recognized on a symmetrical basis with the loss or gain on the hedged item.



NOTE 2

HIGHLIGHTS AND POST-BALANCE SHEET EVENTS

2023 bonds issue

On April 1, 2016, Faurecia issued bonds for an amount of €700 million due June 15, 2023, carrying annual interest of 3.625%, payable on June 15 and December 15 each year, as from June 15, 2016.

interest accrued at that date, for a total amount of €536 million. This early redemption also eliminated the guarantees on the syndicated credit facility and 2022 bonds.

Redemption of 2016 bonds

In November 2011 and February 2012, Faurecia had issued €490 million worth of bonds, due December 15, 2016. These bonds carried interest at 9.375% and benefited from a guarantee from certain Group subsidiaries. They were redeemed early ("make-whole") on April 12, 2016 at 106.34% of the par plus

Renegotiation of syndicated credit facility

On December 15, 2014 Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, in order to extend the maturity to five years from that date, or June 24, 2021 and improve its terms and conditions.

No significant post-balance sheet events have occurred.

NOTE 3

DEPRECIATION, AMORTIZATION AND PROVISIONS (NET OF REVERSALS) AND EXPENSE TRANSFERS

(in € thousands)	2016	2015	2014
Provision reversals	4,905	324	1,358
Expense transfers ⁽¹⁾	12,549	9,928	12,111
Depreciation and amortization	(7,954)	(8,487)	(14,107)
Provisions for impairment of current assets			
Provisions for contingencies and charges	(3,136)	(3,506)	(865)
TOTAL	6,364	(1,741)	(1,503)

(1) Of which: transfer of fees included in "Outside services" relating to financings:

12,549 9,928 12,111

NOTE 4**OTHER INCOME/(EXPENSES)**

(in € thousands)	2016	2015	2014
Operating income			
Trademark royalties	92,959	86,512	25,027
Other income	569	27	46
TOTAL	93,528	86,539	25,073
Operating expenses			
Trademark royalties	32,794		
Other non-operating expenses	530	438	402
TOTAL	33,324	438	402
OTHER INCOME/(EXPENSES)	60,204	86,101	24,671

**NOTE 5****NET FINANCIAL INCOME (EXPENSE)**

Net non-recurring income (expense) breaks down as follows:

(in € thousands)	2016	2015	2014
Financial income			
Income from investments in subsidiaries and affiliates ⁽¹⁾	37,137	54,657	123,808
Other interest and related income	130,123	202,477	85,407
Net proceeds from sales of marketable securities	46	175	
Provision reversals ⁽²⁾	5,882	62,163	76,139
TOTAL	173,188	319,472	285,354
Financing costs			
Interest expense	98,020	134,895	119,006
Charges to provisions for impairment of investments ⁽³⁾	0	6,200	27,749
Charges to other provisions and other financial expenses	35,292	25,597	37,386
TOTAL	133,312	166,692	184,141
NET FINANCIAL INCOME (EXPENSE)	39,876	152,780	101,213

(1) This item corresponds to dividends received from subsidiaries and affiliates

• Financière Faurecia	22,770
• Faurecia Automotive Holdings	59,728
• Faurecia Services Groupe	1,192
• Faurecia Automotive Espana	9,058
• Faurecia Automotive GmbH	
• Faurecia Tongda Exhaust System	11,639
• Faurecia Honghu Exhaust Systems Shanghai	15,248

(2) of which:

• reversal of provisions for Faurecia Automotive GmbH shares	23,500
• reversal of provisions for Faurecia Magyarorszag Kipufogó-Rendszer Kft shares	94
• reversal of provisions for Faurecia Systèmes d'Échappement shares	38,200
• reversal of provisions for Faurecia Automotive Belgium shares	29,100
• reversal of provisions for EAK SAS shares	2,734
• reversal of provisions for financial contingencies and charges	5,393

(3) of which:

• EAK SNC shares	1,949
• Faurecia Automotive GmbH shares	25,800
• Faurecia Automotive Belgium shares	6,200

NOTE 6**NET NON-RECURRING INCOME**

Net non-recurring income (expense) breaks down as follows:

(in € thousands)	2016	2015	2014
Non-recurring income			
Proceeds from management activities	8,625	0	
Proceeds from disposals of fixed assets ⁽¹⁾	242	793	72,797
Provision reversals	0	2,000	
TOTAL	8,867	2,793	72,797
Extraordinary expenses			
On management transactions	4	2,250	
Carrying amount of fixed and financial assets sold ⁽²⁾	779	3,446	111,015
Depreciation, amortization and charges to provisions	0	0	2,000
TOTAL	783	5,696	113,015
NET NON-RECURRING INCOME	8,084	(2,903)	(40,218)
(1) of which proceeds from the sale of investments in subsidiaries and affiliates:	49	8	72,100
• Faurecia Systèmes d'Echappement shares sold to Faurecia Exhaust International			72,100
• EAK SNC shares		5	
• Faurecia Automotive Marles shares sold to Faurecia Intérieur Industrie	10		
• Faurecia Ventures shares sold to Faurecia Investments		39	
• Faurecia – Assentos de Automovel, Lda shares sold to Faurecia Exhaust International			2
• Faurecia – Sistemas de Escape Portugal, Lda shares sold to Faurecia Exhaust International		1	
(2) of which carrying amounts of investments in subsidiaries and affiliates sold or transferred:	100	2,837	110,316
• Faurecia Systèmes d'Echappement shares sold to Faurecia Exhaust International			110,316
• EAK SNC shares		2,734	
• Faurecia Automotive Marles shares sold to Faurecia Intérieur Industrie	50		
• Faurecia Ventures shares sold to Faurecia Investments		50	
• Faurecia – Assentos de Automovel, Lda shares sold to Faurecia Exhaust International			8
• Faurecia – Sistemas de Escape Portugal, Lda shares sold to Faurecia Exhaust International		1	
• Faurecia Magyarorszag Kipufogo-Rendszer Kft shares – liquidation		94	



NOTE 7

CORPORATE INCOME TAX

Faurecia has elected to file a consolidated tax return. The resulting tax group includes the parent company and its main French subsidiaries. This system allows Faurecia to obtain group

relief by offsetting any tax losses recorded by the Company and certain of its subsidiaries against the taxable income of other subsidiaries in the tax group:

(in € thousands)	2016	2015	2014
Tax benefit arising from group relief	25,573	27,155	39,647
Other tax (expense) income (tax credit)		(7,807)	(3)
TOTAL	25,573	19,348	39,644

NOTE 8

INTANGIBLE ASSETS

This can be broken down as follows:

(in € thousands)	Concessions, patents and similar rights	Other intangible assets	Intangible assets in progress	Total
AMOUNT AS OF JANUARY 1, 2014	80	15	0	95
Additions (including own work capital)		2		2
Disposals				0
Funding of depreciation, amortization and impairment provisions		(13)		(13)
Depreciation written off on disposals				0
Other movements				
AMOUNT AS OF DECEMBER 31, 2014	80	4	0	84
Additions (including own work capital)				0
Disposals				0
Funding of depreciation, amortization and impairment provisions		(3)		(3)
Depreciation written off on disposals				0
Other movements				
AMOUNT AS OF DECEMBER 31, 2015	80	1	0	81
Additions (including own work capital)				
Disposals				
Funding of depreciation, amortization and impairment provisions		(1)		(1)
Depreciation written off on disposals				
Other movements				
AMOUNT AS OF DECEMBER 31, 2016	80	0	0	80

NOTE 9**PROPERTY, PLANT AND EQUIPMENT**

This can be broken down as follows:

(in € thousands)	31/12/2016		31/12/2015	31/12/2014
	Gross	Net	Net	Net
Land	53	53	53	53
Buildings	271	0	0	0
Other property, plant and equipment	11,616	1,188	1,273	1,268
TOTAL	11,940	1,241	1,326	1,321

(in € thousands)	Land	Buildings	Other property, plant and equipment	Property, plant and equipment in progress	Total
AMOUNT AS OF JANUARY 1, 2014	53	0	910	0	963
Additions (including own work capital)			512		512
Disposals			(3)		(3)
Funding of depreciation, amortization and impairment provisions			(151)		(151)
Depreciation written off on disposals					0
AMOUNT AS OF DECEMBER 31, 2014	53	0	1,268	0	1,321
Additions (including own work capital)			186		186
Disposals					0
Funding of depreciation, amortization and impairment provisions			(181)		(181)
Depreciation written off on disposals					0
AMOUNT AS OF DECEMBER 31, 2015	53	0	1,273	0	1,326
Additions (including own work capital)			109		109
Disposals					0
Funding of depreciation, amortization and impairment provisions			(194)		(194)
Depreciation written off on disposals					0
AMOUNT AS OF DECEMBER 31, 2016	53	0	1,188	0	1,241



NOTE 10

INVESTMENTS

(in € thousands)	31/12/2016			31/12/2015	31/12/2014
	Gross	Provisions	Net	Net	Net
Equity investments	3,255,606	73,242	3,182,364	2,895,464	2,533,991
Loans to subsidiaries and affiliates	327,883	0	327,883	310,453	0
Other non-current securities	252	0	252	252	204
TOTAL	3,583,741	73,242	3,510,499	3,206,169	2,534,195

Movements in investments in subsidiaries and affiliates break down as follows:

(in € thousands)	Gross value	Provisions	Carrying amount
AMOUNT AS OF JANUARY 1, 2014	2,738,147	135,341	2,602,806
Acquisitions			0
Capital stock increases	1,949		1,949
Charges to and reversals of provisions		(41,971)	41,971
Company liquidation	(2,419)		(2,419)
Sale of shares	(110,316)		(110,316)
AMOUNT AS OF DECEMBER 31, 2014	2,627,361	93,370	2,533,991
Capital stock increases	398,014		398,014
Transfer of all assets	(53,833)		(53,833)
Charges to and reversals of provisions		(20,128)	20,128
Company liquidation	(2,828)		(2,828)
Sale of shares	(8)		(8)
AMOUNT AS OF DECEMBER 31, 2015	2,968,706	73,242	2,895,464
Capital stock increases	287,010		287,010
Sale of shares	(110)		(110)
AMOUNT AS OF DECEMBER 31, 2016	3,255,606	73,242	3,182,364

The increase in the gross value of equity investments concerns ET Dutch Holdings B.V.

NOTE 11 RECEIVABLES

(in € thousands)	31/12/2016	31/12/2015	31/12/2014
Cash advances	2,057,989	2,676,528	1,994,551
Provisions against cash advances	0	0	(872)
Tax due by subsidiaries in the tax group	1,160	3,890	16,012
Prepaid and recoverable corporate income tax	59,135	35,912	33,392
Securitization deposit			
Recoverable VAT	3,176	2,967	1,536
Sundry receivables	21,642	230	2,317
Other	492		
TOTAL	2,143,594	2,719,527	2,046,936

All receivables are due in less than one year.

Prepaid and recoverable corporate income tax corresponds to a research tax credit of €42.6 million and the down-payments made in 2016 amounting to €15.7 million

NOTE 12 MARKETABLE SECURITIES AND RELATED RECEIVABLES

As of December 31, 2016, this item included:

(in € thousands)	Number of shares	31/12/2016
Treasury stock	807,216	25,662
Dépôts		183,863
TOTAL MARKETABLE SECURITIES		209,525

Treasury stock transactions during the year break down as follows:

(in € thousands)	Number of shares	Amount
Amount as at December 31, 2015	21,888	1,298
Use of treasury stock following the conversion of bonds into shares	(14,672)	(886)
Share buyback	800,000	25,250
Amount as at December 31, 2016	807,216	25,662



NOTE 13

PREPAID EXPENSES

Prepaid expenses mainly comprise:

(in € thousands)	31/12/2016	31/12/2015	31/12/2014
Commissions and bank charges	87	88	67
Interest on commercial paper		88	1,055
Rent			618
Other	320	80	118
TOTAL	407	256	1,858

NOTE 14

DEFERRED CHARGES

Deferred charges as of December 31, 2016 refer to financing fees.

NOTE 15

SHAREHOLDERS' EQUITY

15.1 Change in shareholders' equity

(in € thousands)	Amount as at 31/12/2015	Appropriation decision at the OGM of 05/27/2016	Capital stock increase	Net income for the fiscal year	Amount as at 31/12/2016
Capital stock	960,349		5,902		966,251
Additional paid-in capital	615,823		11,618		627,441
Statutory reserve	84,017	11,301			95,318
Untaxed reserves	8,939				8,939
Other reserves	0				0
Retained earnings	1,125,519	125,976			1,251,495
Net income for the fiscal year	226,027	(226,027)		99,944	99,944
Untaxed provisions	0				0
TOTAL	3,020,674	(88,750)	17,520	99,944	3,049,388

15.2 Capital stock and premiums from equity issues, mergers and acquisitions

As of December 31, 2016, Faurecia's capital stock totaled €966,250,607, divided into 138,035,801 fully paid-up shares with a par value of €7 each, including 64,271,262 registered shares with double voting rights.

Stock options granted to corporate officers and employees not yet exercised on December 31, 2016 (244,200 options at an average subscription price of €44.69) could potentially increase:

- the capital stock by €1.7 million (244,200 shares with a par value of €7 each);
- additional paid-in capital stock by €9.2 million.

The capital stock increases carried out during the period mainly related to the conversion of the 2018 OCEANE bonds.

NOTE 16

PROVISIONS FOR CONTINGENCIES AND CHARGES

(in € thousands)	As of 31/12/2016	As of 31/12/2015	As of 31/12/2014
Provision for contingencies			
Foreign exchange losses	3,838	5,393	23,005
Other	0	0	2,000
SUB-TOTAL	3,838	5,393	25,005
Provisions for charges			
Provision for pensions and other post-employment benefits ⁽¹⁾	4,441	6,210	3,025
Bond redemption premiums	0	0	14,013
Other provisions for charges	1	1	5
SUB-TOTAL	4,442	6,211	17,043
TOTAL	8,280	11,604	42,048

(1) Provisions for pensions and other post-employment benefits cover the following costs payable by the Company on retirement of employees:

- post-retirement benefit obligations;
- supplementary pensions paid to some employees.

For the latter, it is freed of its commitments by a capital stock deduction that covers the annuity for the insurance company, which is responsible for the service; the deduction is made from a fund established to cover pension benefits which are not yet fully acquired. Consequently, the Company has no further pension commitments towards former employees.

The actuarial valuation was carried out by independent actuaries. The calculations were based on a discount rate of 1.5% and an inflation rate of 1.8%.

The change in the provision in 2015 was mainly due to the commitment relating to the specific supplementary pension scheme for Executive Committee members, comprising a defined benefit plan for members who are French nationals and a defined contribution scheme for those who are foreign nationals, which was approved during the year. It guarantees an annuity based on the amount of the reference salary.

(in € thousands)	2016	2015	2014
Projected benefit obligation	13,816	10,483	9,093
Hedging of obligations	(3,876)	(83)	(180)
Deferred items	(5,499)	(4,190)	(5,888)
PROVISIONS			
	4,441	6,210	3,025



(in € thousands)	2016	2015	2014
Service cost	(2,878)	(3,288)	(601)
Interest cost	(260)	(221)	(274)
Expected return on plan assets	2	3	11
Curtailment and settlements			
Amortization of deferred differences			
Other changes			
TOTAL	(3,136)	(3,506)	(864)

Changes in provisions for liabilities and charges in 2016 were as follows:

(in € thousands)	Amount as at 31/12/2015	Additions	Expenses charged	Reversals (surplus provisions)	Payments to retirement funds	Amount as at 31/12/2016
Provisions for currency risks	5,393	3,838		(5,393)		3,838
Provisions for pensions and other employee obligations	6,210	3,136		(4,905)		4,441
Other provisions for charges	1					1
TOTAL	11,604	6,974	0	(10,298)	0	8,280

NOTE 17**BORROWINGS**

(in € thousands)	31/12/2016	31/12/2015	31/12/2014
Convertible bonds	0	13,669	249,990
Other bonds	1,400,000	1,190,000	740,000
Bank borrowings	132,135	267,674	942,450
Other borrowings	2,654	4,710	13,082
TOTAL	1,534,789	1,476,053	1,945,522

4.91% of the Company's debt is at variable rates. This debt is hedged using interest-rate caps as described in Note 21.1.

The breakdown of the Company's debt by maturity is as follows:

(in € thousands)	As of 31/12/2016
Maturing in 2017	3,930
Maturing in 2018	1,438
Maturing in 2019	1,420
Maturing in 2020	126,572
Maturing in 2021	1,429
Maturing in 2022	700,000
Maturing in 2023	700,000
TOTAL	1,534,789

The main components of Faurecia financing are described below:

2016 bonds

In November 2011 and February 2012, Faurecia had issued €490 million worth of bonds, due December 15, 2016. These bonds carried interest at 9.375% and benefited from a guarantee from certain Group subsidiaries. They were redeemed early ("make-whole") on April 12, 2016 at 106.34% of the par plus interest accrued at that date, for a total amount of €536 million. This early redemption also eliminated the guarantees on the syndicated credit facility and 2022 bonds.

2022 bonds

In 2015, Faurecia issued bonds, due June 15, 2022, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2015.

A first part of these bonds has been issued on March 17, 2015 for €500 million. An additional €200 million bond was issued on April 9, 2015, with the same due date and same coupon, at 100.25% of the nominal value. On May 19, 2015, the bonds of this second tranche were wholly assimilated to those issued on March 17, 2015.

They include a covenant restricting the additional indebtedness if the EBITDA after some adjustments is lower than two times the gross interest costs, and restrictions on the debt similar to the ones of the syndicated credit loan.

They are listed on the Irish Stock Exchange (Global Exchange Market). The costs related to the bond issue are expensed in P&L over the life time of the bonds. The bonds benefit from guarantees from some Group affiliates; the entities providing these guarantees are the same as those that guarantee the bonds due December 2016. These guarantees have been eliminated with the full redemption of these 2016 bonds.

2023 bonds

On April 1, 2016, Faurecia issued bonds for an amount of €700 million due June 15, 2023, carrying annual interest of 3.625%, payable on June 15 and December 15 each year, as from June 15, 2016.

They are also listed on the Irish Stock Exchange (Global Exchange Market). The costs related to the bond issue are expensed in P&L over the life time of the bonds.

These bonds benefit from the same restrictions as the 2022 bonds and do not benefit from guarantees issued by subsidiaries.

Syndicated credit facility

On December 15, 2014 Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, in order to extend the maturity to five years from that date, or June 24, 2021 and improve its terms and conditions.



In accordance with the credit documentation, all guarantees issued by some Group subsidiaries in favor of banks participating in this credit facility were eliminated when the bonds due in December 2016 were fully redeemed, on April 12, 2016.

As of December 31, 2016 this credit facility was not drawn.

This credit facility includes only one covenant concerning compliance with consolidated financial ratios: the net debt*/EBITDA** must be lower than 2.50. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2016, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 25% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

2018 OCEANE

On September 18, 2012 Faurecia had issued €250 million worth of OCEANE bonds convertible into and/or exchangeable for new or existing shares, due January 1, 2018. These bonds of a principal amount of €19.48 carried interest at 3.25%.

On December 7, 2015, Faurecia announced its intention to reimburse the OCEANE bonds at par value on January 15, 2016. Following this announcement, 94.5% of the OCEANE bonds have been converted as of December 31, 2015, and the principal amount of remaining bonds outstanding at this date was €13.7 million. As of January 15, 2016, almost the entire amount has been converted and the residual nominal of €0.2 million has been reimbursed.

NOTE 18

OPERATING PAYABLES AND OTHER LIABILITIES

(in € thousands)	31/12/2016	31/12/2015	31/12/2014
Trade payables	20,711	14,779	10,717
Other operating payables	13,426	12,798	7,416
SUBTOTAL OPERATING PAYABLES	34,137	27,577	18,133
Cash advances from subsidiaries	2,008,435	1,689,724	33,338
Other liabilities	16,249	388	1,128
SUBTOTAL OTHER PAYABLES	2,024,684	1,690,112	34,466
TOTAL	2,058,821	1,717,689	52,599

All operating payables and other liabilities are payable in less than one year.

* Consolidated net ratio.

** Operating income plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past 12 months.

NOTE 19**DEFERRED TAXES**

Deferred taxes relate to:

- temporary differences between the recognition of income and tax purposes;
- tax loss carry forwards of the tax group;

- tax savings arising from the use of tax losses of subsidiaries in the tax group which will have to be restored to them if and when they return to profit.

Deferred taxes are computed based on the tax rate for the year in which they are expected to reverse.

Deferred taxes can be analyzed as follows:

(in € thousands)	31/12/2016	31/12/2015	31/12/2014
Deferred taxes relating to the tax savings			
ARISING FROM USING LOSSES IN TAX-GROUP SUBSIDIARIES	(638,331)	(631,250)	(707,029)
Subtotal, deferred tax liabilities	(638,331)	(631,250)	(707,029)
Tax paid on taxable income that is not yet recognized	661	2,454	1,601
Charges recognized that are deductible for tax purposes in future years	4,929	6,210	13,120
Future tax savings on tax loss carry forwards of the tax group	470,364	492,524	544,098
SUBTOTAL, DEFERRED TAX ASSETS	475,954	501,188	558,819
 NET DEFERRED TAX (LIABILITIES)/ASSETS	 (162,377)	 (130,062)	 (148,210)

NOTE 20**FINANCIAL COMMITMENTS**

Endorsements, sureties and guarantees include commitments to subsidiaries and direct and indirect equity investments for an

amount of €56.6 million (€59.3 million as of December 31, 2015 and €71.8 million as of December 31, 2014).

NOTE 21**FINANCIAL INSTRUMENTS USED TO HEDGE MARKET RISKS****21.1 Interest-rate hedges**

The hedges arranged comprise mainly euro-denominated interest rate swaps, designed to hedge interest payable on variable rate borrowings.

The notional amounts of the Group's interest rate hedges break down as follows:

As of 31/12/2016 (in € millions)	Notional amounts by maturity		
	< 1 year	1 to 5 years	> 5 years
Interest rate options			
Variable rate/fixed rate swaps		450	



21.2 Currency hedges

Currency risk on inter-company loans and borrowings to/from subsidiaries outside the eurozone that are denominated in the subsidiaries' functional currency but referenced in euros is hedged through swaps.

As of December 31, 2016, the cross-currency swaps in place relate to the following currencies:

As of 31/12/2016 (in millions)	Position	
	Buyer	Seller
RUB		1,473.0
USD		259.8
GBP	56.0	
JPY	27.0	600.0
CNY		130.4
THB		85.5
ZAR		451.0
MYR		7.0

NOTE 22 AVERAGE HEADCOUNT

	2016	2015	2014
Management	8	15	41
Staff		1	2
TOTAL	8	16	43

NOTE 23 COMPENSATION

In 2016, total attendance fees paid to directors amounted to €523,400 compared with €413,200 in 2015.

NOTE 24

IDENTITY OF THE PARENT COMPANY CONSOLIDATING THE COMPANY'S FINANCIAL STATEMENTS

Peugeot S.A. – 75 avenue de la Grande-Armée – 75116 Paris – France

Company Identification (SIRET) No. 552 100 554 00021

11.1.2.4. Five-year financial summary

	2016 EUR	2015 EUR	2014 EUR	2013 EUR	2012 EUR
1 – Capital stock at end of period					
a) Capital stock	966,250,607	960,349,446	867,476,470	858,116,945	775,836,215
b) Number of ordinary shares outstanding	138,035,801	137,192,778	123,925,210	122,588,135	110,833,745
c) Maximum number of future shares to be created: by exercising stock options	244,200	636,500	931,025	1,113,600	1,126,725
2 – Operations and results for the fiscal year					
a) Sales excluding tax	302,199,773	253,055,437	213,600,660	203,477,926	191,915,579
b) Income before tax, employee profit-sharing, depreciation, amortization and provisions	109,966,776	185,983,522	57,503,003	128,905,888	72,402,124
c) Corporate income tax ⁽¹⁾	(25,573,498)	(19,348,402)	(39,644,632)	(18,187,531)	(45,279,780)
d) Employee profit-sharing	0	0	0	0	0
e) Income after tax, employee profit-sharing, depreciation, amortization and provisions	99,944,506	226,027,199	92,537,243	99,066,092	107,332,169
f) Total dividend ⁽²⁾⁽³⁾	124,232,221	89,175,306	43,373,824	36,776,441	0
3 – Earnings per share					
a) Income after tax and employee profit-sharing, but before depreciation, amortization and provisions	0.98	1.50	0.78	1.20	1.06
b) Income after tax, employee profit-sharing, depreciation, amortization and provisions	0.72	1.65	0.75	0.81	0.97
c) Net dividend per share	0.90	0.65	0.35	0.30	0.00
4 – Personnel					
a) Average number of employees during the fiscal year	8	16	43	47	44
b) Total payroll for the fiscal year	8,677,854	9,237,393	12,193,239	9,374,348	8,939,563
c) Total employee benefits paid for the fiscal year (social security, other social benefits, etc.)	9,975,137	4,918,450	7,210,631	8,045,296	4,455,472

(1) Amounts in parentheses represent tax savings recognized under the tax consolidation agreement.

(2) The 2016 dividend is pending approval by the Ordinary General Meeting of the proposed appropriation of 2016 net income.

(3) The part of the 2016 dividend corresponding to shares that the Company holds on its own behalf at the payment date will be allocated to "Retained earnings".



11.1.3. SUBSIDIARIES AND AFFILIATES AS OF DECEMBER 31, 2016

(in € thousands)	Capital stock	Reserves and retained earnings before appropriation of net income	Share of capital stock owned (as a %)	Gross carrying amount of investment
I. Detailed information				
A. Subsidiaries (at least 50% of capital stock owned by the Company)				
Faurecia Investments	103,567	104,882	100	480,395
Faurecia Automotive Belgium	10,000	13,970	100	60,196
Faurecia USA Holdings, Inc.	705,724	915	85	600,699
ET Dutch Holdings B.V.	18	189,943	100	558,600
Faurecia Automotive Holdings	23,423	385,104	100	918,260
Faurecia Exhaust International	7,301	(3,232)	100	82,301
Faurecia Exteriors International	250,000	10,450	100	250,000
B. Affiliates (10%-50% of capital stock owned by the Company)				
Faurecia Automotive Espana, S.A.	7,138	601,597	11	76,449
Faurecia Automotive GmbH	146,420	128,762	26	225,184
Faurecia Tongda Exhaust System (Wuhan) Co., Ltd	6,229	54,478	50	2,217
II. Summarized information				
Subsidiaries and affiliates not included in Section A				1,304
Subsidiaries and affiliates not included in Section B				0
TOTAL				3,255,606

Net carrying amount of investment	Outstanding loans and advances granted by the Company and not yet paid	Amounts of guarantees and securities given by the Company	Sales excluding sales tax from the last fiscal year	Profit or loss (-) from the previous year-end	Dividends received by the Company during fiscal year or to be received	Exchange rates used for non-French subsidiaries and affiliates
480,395	474,323	0	0	63,819	0	
22,900	3,500	0	26,571	1,550	0	
600,699	73,185	0	85,194	17,367	0	EUR 1 = USD 1.1032
558,600	109,715	0	22	(117,978)	0	
918,260	851,151	0	236,771	255,473	0	
82,301	97,214	0	0	(1,002)	0	
250,000	0	0	0	10,414	0	
76,449	0	0	282,444	278,980	9,058	
189,284	0	0	4,359	(26,366)	0	
2,217	0	0	143,204	22,105	11,640	EUR 1 = CNY 7.3202
1,259	0				16,440	
0					0	
3,182,364	1,609,086				37,137	



11.2. Statutory Auditors' Report on the financial statements

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of Faurecia;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Code of commerce (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Note 1.2 to the financial statements presents the accounting rules and methods applied to investments. A provision for impairment is set aside if the value in use of an investment falls below its gross value. Value in use is based on the subsidiary's revaluated net assets, profitability and future outlook. As part of our assessment of the accounting principles and methods applied by your Company, we have verified the appropriateness of the above-mentioned accounting methods and examined the application methods and the assumptions used by your Company.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Code of commerce (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, April 21, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Éric Bertier

ERNST & YOUNG Audit

Valérie Quint



11.3. Capital stock and share performance

11.3.1. FAURECIA AND ITS SHAREHOLDERS

2017 FINANCIAL CALENDAR

February 9, 2017	Before market hours	2016 yearly earnings announced
April 11, 2017	After market hours	First-quarter 2017 sales announced
May 30, 2017	10:00 am.	General Meeting of Shareholders
July 21, 2017	Before market hours	First-half 2017 interim results announced
October 12, 2017	After market hours	Third-quarter 2017 sales announced

The relationship between Faurecia and its shareholders is described in Section 8.2 (Section 8.2.2.1).

11.3.2. FAURECIA'S CAPITAL STOCK

No shares have been issued that do not represent the Company's capital stock.

As of December 31, 2016, the Company's capital stock amounted to €966,250,607, divided into 138,035,801 fully paid-up shares with a par value of €7 each, all in the same class.

The distribution of Faurecia's capital stock and voting rights at December 31, 2016 is shown in the following table. For the purposes of this Registration Document and in compliance with AMF Recommendation No. 2009-16 (amended on April 13, 2015), it shows the total number of theoretical voting rights, excluding shares (such as treasury shares) with no such rights, and the total number of votes that may be cast in the General Meeting.

Shareholders at December 31, 2016	Shares	% capital stock	Theoretical voting rights*	% theoretical voting rights	Voting rights exercisable in the General Meeting*	% voting rights exercisable in the General Meeting
Peugeot S.A.	63,960,006	46.34	127,340,515	62.94	127,340,515	63.20
Faurecia Actionnariat Corporate Mutual fund	352,305	0.25	661,420	0.33	661,420	0.33
Corporate officers	93,658	0.06	154,182	0.07	154,182	0.08
Treasury stock	807,216	0.58	807,216	0.40	0	0.00
o/w liquidity agreement	0	0.00	0	0.00	0	0.00
Other shareholders (registered shares and bearer shares)	72,822,616	52.76	73,343,730	36.25	73,343,730	36.40
TOTAL	138,035,801	100%	202,307,063	100%	201,499,847	100%

* Calculation based on information from the Caceis Corporate Trust Register on December 31, 2016.

No disclosure was made concerning the crossing of any legal ownership threshold in 2016.

The following disclosures were made to the Company in 2016 concerning the crossing of thresholds provided for in the bylaws:

Shareholder name	Date crossed	Upwards/ downwards	Threshold	Number of shares afterwards	% capital stock afterwards	% voting rights afterwards
Norges Bank Investment Management	May 31, 2016	Upwards	2% of capital stock	2,788,612	2.01%	1.38%
BNP Paribas Investment Partners	June 8, 2016	Upwards	2% of capital stock	2,758,422	2.00%	1.35%
Financière de l'Échiquier	November 7, 2016	Downwards	2% of capital stock	2,644,919	1.92%	1.30%
Norges Bank Investment Management	October 19, 2016	Downwards	2% of capital stock	2,759,277	1.99%	1.36%

To the best of the Company's knowledge and as of the date of drafting of this Registration Document, no other shareholder directly or indirectly, individually or in concert, owned more than 2% of the Company's capital stock or voting rights.

To the best of the Company's knowledge, no shareholder made a pledge on the Faurecia securities that he/she/it holds.

Changes in ownership structure over the last three years are presented in Section 11.4.2.2.

The corporate officers hold approximately 0.06% of the Company's capital stock, 0.07% of its theoretical voting rights and 0.08% of its exercisable voting rights.



11.3.3. CHANGE IN FAURECIA'S SHARE PRICE

Faurecia shares are traded on Euronext Paris (compartment A) of NYSE Euronext.

In 2016, Faurecia's share price recorded a rise of 0.47%. It closed 2016 at €36.84, compared with €37.01 at end-2015.

Faurecia's average share price in 2016 was €33.23, with a high of €37.37 on April 27, 2016 and a low of €26.64 on February 11, 2016.

The average monthly trading volume in 2016 was 12.249 million shares and €407.05 million.

11.3.3.1. Share price and trading volumes (source: Euronext)

Share price and trading volume	Price (in €)			Trading volume		
	High	Average	Low	Close	Equities	Value (in € thousands)
2016						
January	36.55	33.48	31.01	33.40	13,103,543	438,678
February	33.60	29.96	26.64	31.36	19,110,167	572,447
March	34.13	32.67	30.65	33.30	11,822,724	386,233
April	37.37	34.44	30.94	36.07	13,878,734	477,945
May	36.79	35.37	33.82	35.75	9,371,724	331,524
June	36.33	32.64	28.00	28.74	14,129,286	461,238
July	36.45	31.76	27.03	35.29	13,861,455	440,269
August	36.13	34.97	33.12	35.79	9,827,568	343,629
September	37.18	35.56	33.65	34.90	11,479,462	408,233
October	36.04	33.90	32.33	33.51	11,956,336	405,332
November	33.92	31.86	29.00	33.82	10,373,718	330,474
December	36.94	35.75	33.03	36.84	8,071,896	288,544

Share price and trading volume	Price (in €)			Trading volume		
	High	Average	Low	Close	Equities	Value (in € thousands)
2015						
January	36.48	33.02	28.69	35.82	10,911,320	360,934
February	40.81	38.48	35.59	40.73	9,555,532	366,510
March	43.80	41.04	37.95	40.70	15,313,245	624,719
April	46.31	43.14	39.70	42.38	13,665,248	592,501
May	44.40	42.60	40.65	40.97	10,499,719	445,121
June	42.01	38.85	34.90	36.89	16,932,480	653,363
July	38.80	36.61	34.85	34.97	20,978,989	770,306
August	37.41	33.84	29.30	32.17	14,803,086	503,781
September	33.34	30.30	25.46	27.77	23,672,272	699,724
October	36.70	32.42	27.38	36.03	19,508,371	626,272
November	36.95	35.75	34.25	35.53	10,415,793	372,235
December	37.42	35.83	32.36	37.01	13,036,479	464,449

11.3.3.2. Stock market data

	31/12/2016	31/12/2015
Stock market capitalization at end of period (<i>in € millions</i>)	5,084.55	5,077.5
Share price (<i>in €</i>)		
• high	37.37	46.31
• low	26.64	25.46
Share price at end of period (<i>in €</i>)	36.84	37.01
Shareholders' equity per share (<i>in €</i>)	21.31	17.48

11.3.3.3. Dividends

Fiscal year	Number of shares carrying dividend rights	Dividends paid
2014	123,925,210	€0.35 per share
2015	137,192,778	€0.65 per share
2016	138,035,801	€0.90 per share

11.3.3.4. Dividend payment policy

The Company pays dividends in line with the practices of other similar companies, based on the Group's results for the year.

11.3.3.5. Per share data

<i>(in €)</i>	31/12/2016	31/12/2015
Diluted earnings per share – Attributable to equity holders of the parent	4.65	2.97
Cash flow per share from operating activities	9.45	10.01

The method used to calculate the weighted average number of shares after dilution to determine per share data is explained in Note 9 to the consolidated financial statements.



11.4. Additional information on Faurecia

11.4.1. BACKGROUND

Origins

1891. The first automobiles, in the modern sense, are made, powered by gasoline engines. The first steel tubes follow, patented by Peugeot. They are produced mainly at Audincourt, in the Doubs region of eastern France.

1914. Bertrand Faure opens his first workshop, making seats for Paris trams and underground trains, at Levallois-Perret.

1929. Bertrand Faure acquired the license for the Epeda process, enabling the Company to improve its seats for the automotive industry and develop a new product, the spring mattress. Both businesses took off significantly after the Second World War. Bertrand Faure clients include Renault, Peugeot, Citroën, Talbot, Panhard-Levassor, Berliet and Simca.

1950. Bernard Deconinck, son-in-law of Joseph Allibert, founder of the Allibert company in Isère (eastern France) in 1910, decides to invest in a huge injection press, imported from the USA, able to mold large plastic parts in a single piece. He changed his customer base from refrigerator manufacturers to the automotive industry.

1955. The Frères Peugeot company, with subsidiaries including Peugeot et Cie, started producing automotive equipment. The companies diversified over the years, making seats, exhaust systems, and steering columns. They extended operations outside France, dropping some products to concentrate on new lines.

1972. François Sommer, grandson of Alfred Sommer, merged his automotive floor coverings company with that of Bernard Deconinck's company, Allibert. They combined their know-how in textiles and plastics to found the Sommer Allibert group.

In the early 1980s, Sommer Allibert invested heavily to meet the needs of the automotive industry and became a leading specialist in interior vehicle fittings for all of the major automakers. International expansion followed, with the acquisition of Spain-based Lignotock, and an extended presence in Germany from 1993.

1987. Cycles Peugeot merged with Aciers & Outils Peugeot to form Ecia (Équipements et Composants pour l'Industrie Automobile), the PSA Peugeot Citroën group's specialist automotive equipment subsidiary. Over the next ten years, Ecia underwent concentrated industrial and geographical development.

1990. Epeda Bertrand Faure, a company having started out manufacturing seats for transport vehicles such as automobiles, railroad passenger cars, and trams, gradually diversifies into various business segments: first of all, bedding with the Epeda and Mérinos brands, then luggage with Delsey in 1982, and lastly aeronautics with Ratier-Figeac in 1987. Nevertheless, its core business was still manufacturing components for car seats, particularly for the French market. From 1977, it acquired businesses in Portugal, Spain and Canada and gained a toehold in Germany, but the Company's international expansion entered a new phase in 1990 when it acquired the Rentrop group in Germany. Epeda Bertrand Faure then became the European leader in automotive seating. Throughout the 1990s until 1998, the Company concentrated its expertise in automotive equipment, selling off its other businesses in bedding (Epeda and Mérinos), aeronautics (Ratier-Figeac) and luggage (Delsey).

1992. Ecia sold its cycle business, then its tool business the following year and made significant acquisitions in companies specializing in exhaust, with Tubauto and Eli Échappement in France, Leistritz Abgastechnik in Germany and Silenciadores PCG in Spain. Ecia then became the European leader in exhaust systems. At the same time, its Automotive Seating Division joined forces with the Spanish automotive equipment supplier Irausa to form Ardasa. The Company supplied exhaust systems, seats, interior fittings and front ends to Volkswagen, Renault, Daimler Chrysler, Opel, Honda and Mitsubishi.

December 11, 1997. Ecia made a friendly takeover bid for Bertrand Faure, bringing its direct and indirect stake in the Group to 99%. While Bertrand Faure sold its luggage (Delsey) and aeronautics (Ratier-Figeac) businesses, Ecia sold its motorcycle business (Peugeot Motocycles) to the PSA Peugeot Citroën group in 1998.

June 1, 1999. Ecia and Bertrand Faure merged giving birth to the Faurecia company, resulting in the PSA Peugeot Citroën group holding a 52.6% stake in Faurecia by the end of 1999. Faurecia then reported sales of over €4 billion, with a workforce of 32,000. Apart from boosting its size and its global position in automotive seating, Bertrand Faure also provided Ecia with a broader geographical and commercial presence, especially in Germany, where the Company had strong links with automakers such as Volkswagen and BMW.

Late 1999. The Faurecia group developed its exhaust systems business in North America by acquiring the US company AP Automotive Systems.

October 2000. Faurecia purchased Sommer Allibert. The PSA Peugeot Citroën group finances the transaction, thus increasing its shareholding in Faurecia to 71.5%. Well established in Germany and Spain, the Group commanded a significant European market share for vehicle interior fittings, especially door and instrument panels and acoustic modules.

2001. The acquisition of Sommer Allibert was completed with a public offer to buy out Sommer Allibert's minority shareholders. The resulting Group has sales of €9.6 billion. Faurecia then bought out the remaining minority shares held by external shareholders in Sommer Allibert's German subsidiary SAI Automotive AG.

2002. The Faurecia group acquired 49% of the South Korean catalytic converter maker Daeki Industrial, number two in its market. The same year, Faurecia formed a joint venture with the Taiwanese automotive equipment company GSK, with a view to making seats at Wuhan, in China.

2003. Faurecia followed up these acquisitions by buying the South Korean exhaust systems company Chang Heung Precision, which had market share of over 20%. This gave Faurecia's Exhaust Systems business a manufacturing presence in all continents. In Europe, the Group signs an agreement with Siemens-VDO, which strengthens and expands their joint venture (SAS): this company assembles cockpits for BMW, Daimler Chrysler, the Ford group, Renault-Nissan and the Volkswagen group.

2005. The Group strengthened its presence in Korea by increasing its shareholding in Daeki (specializing in exhaust systems for Hyundai) to 100%, and signed a joint-venture agreement with the South Korean company Kwang Jin Sang Gong (specializing in door modules for Hyundai Motors and Kia Motors).

2007. The Group took over the bumper activity of Cadence Innovation France, thus strengthening its market position in this sector in France.

2009. Faurecia acquired Emcon Technologies (formerly Arvin Industries), and became the world leader in exhaust systems. This business combination strengthens Faurecia's position with automakers in Germany (as Arvin Industries acquired Zeuna Stärker in 1998), the USA (particularly Ford), South America, India and Thailand. It gave Faurecia a route into the niche commercial-vehicles market (trucks and off road). With this all-equity acquisition, One Equity Partners, (JP Morgan Chase & Co.'s private equity arm) holds a 17.3% stake in Faurecia and PSA Peugeot Citroën's interest was reduced to 57.4%.

Faurecia bought out its joint-venture partner Tata to become the sole owner of Taco Faurecia Design Center. The company was renamed Faurecia Automotive Engineering India and became Faurecia's development center in India.

2010. Faurecia becomes the European leader in automotive exterior parts by acquiring the German activities of Plastal, and subsequently Plastal España S.A.. With these transactions, the Faurecia Automotive Exteriors Business Group enlarges its customer base, which now includes Ford and Germany's four premium automakers, upgrades its product range, and strengthens both its industrial presence and its R&D capacity. It was able to expand internationally, setting up a joint venture in China with Huaxiang, supplier of exterior parts to FAW-Volkswagen.

By acquiring an 18.75% stake in the Chinese automotive equipment supplier Changchun Xuyang Industry (Group) Co., Ltd., Faurecia expands the range of products and services supplied in the following strategic fields: complete seats, interior systems, acoustic modules, and interior upholstery. A strategic alliance with the Geely and Limin groups marks a significant new development stage for Faurecia Interior Systems and Faurecia Automotive Exteriors in China.

In the fourth quarter of 2010, Faurecia Automotive Seating bought the "seat comfort technology" business of the German company Hoerbiger Automotive Komfortsysteme GmbH, and diversified its technological offer in seating systems.

Finally, to strengthen the technological prowess of Faurecia Interior Systems, the Group acquired Angell-Demmel Europe GmbH, the world leader in decorative metal parts for automobile interiors.

2011. In January, Faurecia takes a 21.2% stake in the Danish company, Amminex A/S, thus strengthening its technology towards diesel-emission control.

Faurecia also reinforced its presence in China by signing, in January, a new joint venture agreement with Ningbo Huazhong Plastic Products Co. Ltd to make exterior automobile parts; and, in June, by enlarging the scope of its cooperation with the Changchun Xuyang group. This allowed it to develop locally, specifically with the FAW group. In July, it signed an agreement with the Economic and Technological Development Zone of Yancheng for an investment project allowing Faurecia to develop its seat-mechanism activity.

In November, Faurecia launches a €350 million bond issue maturing in December 2016. (The issue is supplemented by another €140 million issue in February 2012 with the same maturity date). Another syndicated line of credit is arranged for €1,150 billion, in two tranches: A (€690 million) and B (€460 million), maturing in November 2014 and November 2016 respectively.

2012. On May 3, Faurecia announced its acquisition of the Ford ACH interior components plant in Saline, Michigan (USA). This plant supplied cockpit modules, instrument panels, door panels and central consoles for 12 automotive programs assembled in 8 Ford plants across North America.



In parallel with this acquisition, Faurecia signed a joint venture agreement with Rush group Ltd, a Rush group company. The joint venture, called Detroit Manufacturing Systems (DMS), took over activities such as the assembly and sequencing of interior parts at a new plant in Detroit.

On February 14, Faurecia announced that in addition to its €350 million bond issue in November 2011, it had placed another issue with a nominal value of €140 million.

On April 27, Faurecia announced that it had placed a new bond issue with a nominal value of €250 million, maturing in June 2019.

On August 30, Faurecia announced that with effect from that date, it had acquired Plastal France (Plastal SAS), a supplier of plastic body parts for Smart branded vehicles (Daimler group). The transaction followed the previous acquisitions of Plastal Allemagne and Plastal Espagne in 2010, and included the manufacturing and assembly plant and the operational headquarters in Hambach (France).

On September 10, Faurecia issues convertible bonds (OCEANE), maturing on January 1, 2018. After exercising an over-allotment option on September 12, 2012, it raises €249,999,989.00 (12,833,675 bonds).

On November 29, Faurecia launched a level 1 ADR program listed on the "over-the-counter" (OTC) market in the USA. Each Faurecia ordinary share (listed on the NYSE Euronext Paris market) comprised two ADR shares.

2013. On April 10, Faurecia Interior Systems signed a joint venture agreement with the Thai component manufacturer Summit Auto Seats to support Ford in its development in South-East Asia, particularly in Thailand.

On April 22, Faurecia and Chang'an Automobile Group, one of the largest automakers in China, signed a joint-venture agreement.

On November 19, Faurecia and Magneti Marelli announced their agreement to cooperate in designing, developing and manufacturing HMI products for vehicle interiors. The agreement will enhance the added value of interior solutions for the vehicles that Faurecia and Magneti Marelli supply to automakers and end customers.

On December 30, Faurecia redeemed early the OCEANE bonds maturing on January 1, 2015 (ISIN FR0010827055). Bond-holders opted virtually unanimously to convert their bonds into Faurecia shares: 11,284,793 shares (99.83% of the total outstanding) were converted into 11,736,190 new Faurecia shares.

2014. On January 29, Faurecia announced the establishment, with the Japanese automotive equipment manufacturer Howa, of a joint venture called Faurecia Howa Interiors, for the production in Mexico of interior systems for Renault-Nissan. The agreement signed opens up new commercial prospects for Faurecia: with Nissan in Mexico, Thailand, Spain, Brazil and in South Africa.

On October 3, Faurecia announced the establishment of 50:50 joint venture with Interval, a major French agricultural cooperative.

This agreement resulted in the establishment of Automotive Performance Materials (APM), which aims to develop and produce biosourced raw materials in order to continue Faurecia's drive to reduce vehicle weight while respecting the environment.

Note that in 2014 Faurecia celebrated 20 years of presence in China. It was also the year in which Faurecia returned to the Paris Motor Show after an absence of 12 years.

2015. On March 27, Faurecia and Dongfeng Hongtai, a subsidiary majority owned by Dongfeng Motor Corporation, one of the largest automotive groups in China, enter into a broad partnership agreement covering all of Faurecia's business activities. The first result of this partnership is the formation, in May 2015, of two joint ventures, one with a view to the development, manufacture and delivery of automotive interior components (Dongfeng Faurecia Automotive Interior Co., Ltd.) and the other with a view to the development, manufacture and delivery of automotive exterior components (Dongfeng Faurecia Automotive Exterior Co., Ltd.).

On September 24, Faurecia and Beijing WKW Automotive Parts Co., Ltd., one of China's leading manufacturers of automotive interior and exterior decorative parts, sign a joint venture agreement. Together, the two partners aim to unlock synergies in the area of aluminum interior decorative parts for light vehicles.

On December 7, Faurecia announces the early redemption, effective January 15, 2016, of the OCEANE bonds convertible into or exchangeable for new or existing shares issued in September 2012.

On December 14, Faurecia signs a Memorandum of Understanding (MoU) for the sale of its worldwide Automotive Exteriors business to Compagnie Plastic Omnium. The business that would be sold, which is comprised of bumpers and front end modules, has sales of €2 billion in 2014 and employs 7,700 people in 22 industrial sites. The Automotive Composites business, the Faurecia plant supplying components to Smart in Hambach (France), and two joint ventures in Brazil and China are not included in the deal. The transaction is based on an enterprise value of €665 million. The transaction is expected to close during 2016.

2016. On July 27, Faurecia and Italian company Tabu S.p.A., which specializes in the production of flexible wood trim, signed a partnership agreement which resulted in the set-up of the joint venture Ligneos, S.r.l. on September 5. With Tabu's unique expertise in the selection, cutting and treatment of wood, the two partners have developed patented technology aimed at extending the use of decorative wood in cars, covering a wider range of surfaces.

On July 29, in keeping with the memorandum of understanding signed on December 14, 2015, Faurecia sold its Automotive Exteriors business to Plastic Omnium. The transaction had been authorized by the European Commission on the condition that Plastic Omnium commit to selling the French sites and one Spanish site focused on the bumper business, along with the front-end module assembly business in Germany.

On October 2, Faurecia and Azin Khodro signed a partnership agreement for the set-up of a joint venture in Iran (Azin Faurecia Interior Systems Company), to develop and produce instrument panels, door panels, central consoles and acoustic modules, with production due to be launched in early 2018.

On November 29, Faurecia and German premium automaker Borgward signed a partnership agreement for the set-up of a joint venture (Borgward Faurecia Auto Systems Co., Ltd) in Tianjin, China, to jointly develop and produce complete automotive seats for the new Borgward vehicles.

On December 2, Faurecia signed a partnership agreement with MAAD, an Iranian joint venture made up of the Iranian groups Crouse and Avrand, for the purpose of setting up another joint venture, Faurecia Crouse Advanced Exhaust System Co. to develop and produce emission control systems for the Iranian automobile market. The start of production is scheduled for the beginning of 2017.

On December 6, Faurecia announced that it had entered into exclusive talks with Parrot Automotive, one of the leaders in

connectivity and infotainment solutions for the automotive industry, in view of developing applications and platforms for connected vehicles. The first step would consist in acquiring a 20% stake in Parrot Automotive. Faurecia could increase its stake to 50.01% as from 2019 and acquire all Parrot Automotive shares by 2022. If the talks are successful, the project would be launched in the first half of 2017.

On December 13, Faurecia, who had been working in close collaboration with Danish company Amminex since mid-2009 and held 42% of its capital stock, announced that it had increased its stake in this company to 91.5%. The remaining shares are held by the Danish foundation Nordea-fonden. Amminex has developed an ammonia storage and delivery system (ASDS™) which has shown its efficiency in eliminating nitrogen oxides (NOx) in diesel engines. By increasing its stake in this company, Faurecia intends to step up the development of this technology for utility vehicles, trucks and passenger vehicles. Faurecia is also seriously looking into other applications for ASDS™, such as for agricultural vehicles, earthmoving machinery and the high-power engines used in boats and ships.

11.4.2. LEGAL INFORMATION ABOUT FAURECIA

11.4.2.1. General information about Faurecia

COMPANY NAME AND HEADQUARTERS

Company name: Faurecia

Head office: 2, rue Hennape – 92000 Nanterre – France

Tel.: +33 (0)1 72 36 70 00

Fax: +33 (0)1 72 36 70 07

www.faurecia.com

LEGAL FORM

Faurecia is a *société anonyme* (joint-stock corporation) listed on Euronext Paris governed by the French Code of commerce and the related implementing regulations. It complies with generally accepted corporate governance principles for companies in France, notably the AFEP-MEDEF Corporate Governance Code of listed corporations.

Faurecia abides by the legal and regulatory provisions that apply to the governing bodies of listed companies and reports in this Registration Document on the application of the recommendations made in relation to said Code.

STATUTORY AUDITORS

The Company's financial statements are audited by two Statutory Auditors appointed in accordance with Article L. 225-228 of the French Code of commerce.

DATE OF INCORPORATION AND TERM

Incorporated on July 1, 1929

Term expires on December 31, 2027

INCORPORATION DETAILS

The Company is registered with the Nanterre Trade and Companies Registry under number 542 005 376.

APE (Business Identifier Code) is: 7010Z.

CONSULTATION OF CORPORATE DOCUMENTS

During the period of validity of this Registration Document, the following documents (or copies thereof) can be consulted at the Company's headquarters:

- a. the Company's articles of incorporation and bylaws;
- b. historical financial information about Faurecia S.A. and its subsidiaries for each of the two fiscal years preceding the publication of the Registration Document.



CONTACT DETAILS

Faurecia
Legal department
2, rue Hennape
92000 Nanterre
The documents may also be viewed on the Company's website at www.faurecia.com.

CORPORATE PURPOSE

The Company's purpose, as set out in Article 3 of the bylaws, is summarized below:

- to establish, acquire, operate directly or indirectly or invest in any and all industrial, trading or service companies in France or abroad;
- to provide administrative, financial and technical assistance to subsidiaries and affiliates;
- to manufacture and sell any and all products, accessories or equipment for the automotive and other industries, and generally to conduct any and all related commercial, industrial, real estate and other transactions.

ROLE OF THE COMPANY IN RELATION TO ITS SUBSIDIARIES

Faurecia is a holding company, whose assets are primarily made up of investments in subsidiaries and affiliates. The Company's industrial assets are held by the operating subsidiaries.

Faurecia provides direct and indirect financial, accounting, management, administrative and other services to Group companies.

The list of consolidated companies at December 31, 2016 is provided in Chapter 10. This information is usefully supplemented by a simplified organization chart of the operational companies in the Faurecia group, provided in Section 11.4.2.3 of this Registration Document.

Group subsidiaries are financed on a centralized basis, primarily through Faurecia, which performs a cash pooling role. This way of functioning enables the subsidiaries to benefit from the favorable market conditions obtained from lenders by Faurecia and compensates for the borrowing and lending positions of the different entities.

At December 31, 2016, Faurecia's net debt amounted to €206.4 million, taking into account its gross debt, net of available funds, marketable securities and advances, net of intra-Group cash and loans, compared with a consolidated net debt of €341.5 million.

FISCAL YEAR

The Company's fiscal year covers the 12-month period from January 1 to December 31.

DISTRIBUTION OF PROFITS

Income available for distribution corresponds to net income for the year, less any losses carried forward from prior years and any amounts appropriated to reserves in compliance with the law or the bylaws, plus any retained earnings.

Out of this income, the General Meeting determines the portion attributed to shareholders in the form of dividends and deducts the amounts it considers appropriate to allocate to any reserve funds or to carry forward.

However, except in the case of a capital stock reduction, no distributions may be made to shareholders if the Company's shareholders' equity represents – or would represent after the planned distribution – less than its capital stock plus any reserves which, according to the law or the bylaws, are not available for distribution.

The General Meeting may also decide to distribute amounts deducted from optional reserves in order to pay or increase a dividend or pay a special dividend.

The Company's bylaws provide that the Ordinary General Meeting approving the financial statements for the year may also decide to offer each shareholder the option between the payment of the dividend or the interim dividend in cash or in shares.

DIVIDENDS – STATUTE OF LIMITATIONS

Dividends not collected within five years of the payment date will be time-barred and paid over to the French Treasury.

REGISTRAR AND PAYING AGENT

The registrar and paying agent for Faurecia shares is Caceis Corporate Trust, 14, rue Rouget-de-Lisle, 92862 Issy-les-Moulineaux Cedex 9, France.

STOCK MARKET DATA

Faurecia shares are listed on Euronext Paris (compartment A) or NYSE Euronext under ISIN code FR 0000121147.

They are included in the SBF 80, MID & SMALL 190 and NEXT 150 indexes.

They are eligible for inclusion in personal equity plans (PEA) and the deferred settlement service (SRD).

GENERAL MEETINGS OF SHAREHOLDERS

The particular rules governing the participation of shareholders in General Meetings are described in Article 22 and 23 of the Company's bylaws, and may be consulted at www.faurecia.com.

General Meetings are held at the Company's headquarters or at any other venue specified in the notice of meeting.

Holders of registered shares are notified by mail; the other shareholders are notified via the relevant banks and brokers through the financial notices provided for by the applicable regulations.

A continually updated schedule of all of the Group's financial events, including the date of the General Meetings, is available on Faurecia's website at www.faurecia.com.

The right to participate in General Meetings shall be substantiated in accordance with the current statutory provisions.

The rights of shareholders, which may only be amended in accordance with the conditions laid down by French law, are not affected by any other provision of the bylaws.

VOTING RIGHTS

The Company's bylaws do not provide for any restrictions on voting rights. Voting rights at Ordinary, Extraordinary and Special General Meetings are exercisable by the beneficial owner of the shares.

DOUBLE VOTING RIGHTS

The bylaws assign double voting rights to all fully paid-up shares that have been registered in the name of the same holder for at least two (2) years. In the case of a bonus share issue paid up by capitalizing retained earnings, income or additional paid-in capital, the bonus shares allotted in respect of registered shares carrying double voting rights will also carry double voting rights as from the date of issue. This double voting right may be canceled following a decision of the Extraordinary General Meeting and after having informed a special meeting of the beneficiary shareholders.

Shares that are transferred or converted to bearer form are stripped of double voting rights. However, double voting rights are not lost and the above-mentioned two-year period continues to run when shares are transferred following the liquidation of a marital estate, or by way of an inheritance or in the form of an *inter vivos* gift to a spouse or a relative in the direct line of succession.

EQUITY THRESHOLDS THAT MUST BE DISCLOSED TO THE COMPANY

Under Article 29 of the bylaws, when any natural person or legal entity, acting alone or with others as defined in Article L. 233-10 of the French Code of commerce, owns or ceases to own a number of shares so that the capital stock or voting rights held cross a threshold of 2% or any multiple of 2% (or when the holding crosses the thresholds defined in the law and regulation), that person must notify the Company by registered letter with acknowledgement of receipt of the total number of shares and voting rights he or she holds, within four (4) trading days of the threshold being crossed. This applies in addition to the obligations relating to crossing legally-defined thresholds.

In the case of failure to comply, at the request of one or several shareholders present or represented at the meeting with combined holdings representing at least 2% of the capital stock or voting rights, the undisclosed shares will be stripped of voting rights. Said request must be recorded in the minutes of the General Meeting.

This provision supplements the statutory requirements concerning disclosure thresholds in Article L. 233-7 of the French Code of commerce.

The rights of shareholders, which may only be amended in accordance with the conditions laid down by French law, are not affected by any other provision of the bylaws.

AGREEMENT THAT, IF IMPLEMENTED, COULD CHANGE THE CONTROL OF THE COMPANY OR THAT COULD DELAY, POSTPONE, DEFER OR PREVENT A CHANGE IN CONTROL

To the best of the Company's knowledge there are no arrangements in place whose operation could result in a change in control of the Company at a future date.

There are currently no deeds, bylaws, charters, regulations or provisions in place that could delay, postpone or prevent such a change in control.

AGREEMENTS ENTERED INTO BY THE COMPANY WHICH ARE AMENDED OR TERMINATED IN THE EVENT OF A CHANGE IN CONTROL OF THE COMPANY

The syndicated loan agreement entered into by the Company on December 15, 2014 includes an acceleration clause under which – subject to certain conditions – each bank may require immediate payment of outstanding sums in the event of a change of ownership of the Company.

The bonds issued, firstly on March 17 and April 9, 2015 and secondly on April 1, 2016, provide for early repayment in the event of a change of control.

None of the above transactions include a minimum Peugeot S.A. shareholding clause.

MEASURES TAKEN BY THE COMPANY TO ENSURE THAT CONTROL IS NOT EXERCISED IN AN ABUSIVE MANNER

The Company is controlled in the sense of Article L. 233-3 of the French Code of commerce, as shown in the table breaking down ownership in Section 11.3.2.

The measures taken by the Company to avoid abuse of control are described in this Registration Document:

- Section 9.4 of the Registration Document: internal control;
- Section 9.1.1 of the Registration Document: presence of independent Board members on the Board of Directors and its specialized committees;
- Section 9.1.2.1: "Conflicts of interest".

**MAJOR CONTRACTS**

To date, Faurecia has not entered into any major contracts that would entail a significant obligation or commitment for the Group, other than those that fall within the ordinary course of business.

DEPENDENCE

Faurecia is not currently dependent on any patents or manufacturing processes owned by third parties or on any specific supply contracts to conduct its business.

In the automotive-industry sector in which Faurecia operates, subcontractors do not generally define the technical specifications for subcontracted parts. When on rare occasions subcontractors are in a position to do this, the Group's policy is to contractually arrange for the subcontractor concerned to transfer the relevant design work in order for it to be used in conjunction with other services.

SIGNIFICANT PROPERTY, PLANT AND EQUIPMENT

The Group's 300 manufacturing sites, including 30 research and development centers spanning 34 countries worldwide, enable it to maximize its local presence and implement its just-in-time delivery strategy. None of its manufacturing equipment taken on an individual basis represents a material value in relation to

the property, plant and equipment of the Group as a whole. They are mostly dedicated to client programs. As a result, utilization rates are largely dependent on business levels. With very few exceptions, utilization rates for equipment and facilities are not monitored centrally or systematically.

Note 12 to the consolidated financial statements provides further information on the Group's property, plant and equipment.

FACTORS THAT COULD IMPACT A PUBLIC OFFERING

The information provided by Article L. 225-100-3 of the French Code of commerce is mentioned in Sections 9.1.1, 11.3.2, and Sections 11.4.2.1 and 11.4.2.2 of this Registration Document.

11.4.2.2. Additional information on the Company's capital stock

As of December 31, 2016, the Company's capital stock amounted to €966,250,607, divided into 138,035,801 fully paid-up shares with a par value of €7 each, all of the same class. Excluding shares with no voting rights, they represented 202,307,063 theoretical voting rights and 201,499,847 exercisable voting rights. No shares have been issued that do not represent the Company's capital stock.

AUTHORIZED CAPITAL STOCK

The table below summarizes the status of the current financial authorizations, as voted by the General Meetings on May 27, 2015 and May 27, 2016, and how they were used during 2016.

Type of authorization	Amount in euros/nominal value	Term	Use in 2016
General Meeting of May 27, 2015			
Fourteenth resolution Authorization for the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares in the Company, with preferential subscription rights for existing shareholders, including capital stock increases by capitalization of earnings, premiums or reserves	<ul style="list-style-type: none"> €400 million (ceiling common to this resolution and to resolutions 15-18 of this same Meeting) €1 billion for debt securities (ceiling common to this resolution and to resolutions 15 and 16 of this same Meeting) 	26 months	No
Fifteenth resolution Authorization for the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares in the Company, without preferential subscription rights for existing shareholders, through a public offering	<ul style="list-style-type: none"> €110 million €1 billion in debt securities 	26 months	No
Sixteenth resolution Authorization for the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares in the Company or to debt securities, as part of a private placement, without preferential subscription rights for existing shareholders	<ul style="list-style-type: none"> €110 million €1 billion in debt securities 	26 months	No
Seventeenth resolution Authorization for the Board of Directors to set the issue price on the issuance of ordinary shares and/or securities carrying rights to shares without preferential subscription rights for existing shareholders, subject to the conditions set by the General Meeting and a ceiling of 10% of the Company's capital stock	Up to the statutory ceiling of 10% of the capital stock per 12-month period	26 months	No
Eighteenth resolution Authorization for the Board of Directors to increase the number of securities to be issued as part of a capital stock increase – either with or without preferential subscription rights for existing shareholders – in order to grant a greenshoe option	Up to a limit of 15% of the initial issue and at the same price as that for the initial issue	26 months	No
Nineteenth resolution Delegation of authority to be given to the Board of Directors in order to decide on a capital stock increase reserved for Company employees under the conditions provided for in Article L. 3332-19 of the French Labor Code by issuing stock and/or marketable securities giving access to ordinary shares in the Company	3% of the Company's capital stock at the date on which the Board of Directors decides to use the authority	26 months	No
General Meeting of May 27, 2016			
Thirteenth resolution Authorization to be given to the Board of Directors to grant free shares	Up to a maximum limit of 2 million shares on the day the Board of Directors takes its decision And within the limit of 10% of these shares being granted to executive and non-executive corporate officers	26 months	Authorization used by the Board of Directors on July 25, 2016 through the award of a maximum of 989,945 shares



POTENTIAL CAPITAL STOCK

As of December 31, 2016, the potential capital stock is composed of stock options and performance shares.

Stock options

As of December 31, 2016, a total of 244,200 employee stock options were outstanding.

As an indication, and based on the capital stock existing at December 31, 2016, if all options were exercised, they would represent 0.18% of the Company's capital stock.

Following the capital stock increase for cash with preferential subscription rights carried out in April/May 2009, the exercise price and number of shares under option were adjusted for stock option plans in order to preserve the rights of beneficiaries under existing plans. These adjustments were calculated in accordance with Articles L. 228-99 and R. 228-91 of the French Code of commerce.

ALLOCATION HISTORY FOR STOCK SUBSCRIPTION AND PURCHASE PLANS

TABLE NO. 8 (AFEP-MEDEF CODE AND AMF RECOMMENDATION NO. 2009-16)

Information on the stock subscription options	Plan No. 17
Date of General Meeting (GM)/Board of Directors meeting (BM)	GM May 23, 2005 BM April 16, 2007
Adjusted total number of shares available for subscription	346,200
Adjusted total number of shares available for subscription by Mr. Yann Delabrière	48,000
Adjusted total number of shares available for subscription by Mr. Patrick Koller	12,000
Earliest exercise date	April 17, 2011
Last exercise date	April 16, 2017
Adjusted exercise price	€44.69
Exercise conditions (where the plan includes more than one tranche)*	-
Number of shares purchased on exercise of stock options as of December 31, 2016	0
Accumulated number of stock options cancelled or forfeited	102,000
Stock options outstanding at the end of 2016	244,200

* Plan No. 17 does not include any performance condition.

Historical data in respect of stock subscription or purchase is provided in Note 22.2 to the consolidated financial statements.

STOCK OPTIONS GRANTED TO/EXERCISED BY THE TEN EMPLOYEES WHO RECEIVED THE HIGHEST NUMBER OF OPTIONS

TABLE NO. 9 (AMF RECOMMENDATION NO. 2009-16)

Stock options granted to/exercised by the ten employees who received the highest number of options	Total number of options granted/ shares subscribed or purchased	Weighted average price (in €)
Options granted during 2016 by the issuer or any other company entitled to grant the options to the ten employees of those companies who were allocated the highest number of options. <i>(Overall information)</i>	0	0
Options previously granted by the issuer and the companies defined above that were exercised during 2016 by the ten employees of those companies who bought or subscribed for the highest number of options. <i>(Overall information)</i>	60,600	€28.38

No stock purchase or subscription options were granted in 2016.

Performance shares

Faurecia's Senior Management, which comprises around 300 people, and the Chief Executive Officer benefit from the performance share plans set up by the Company.

The Company's policy in this respect is based on simple, transparent, enduring principles. Thus:

- performance shares have been granted annually since 2010 at the same periods, involving, since that year, an internal performance condition and a presence condition applicable to all French and foreign beneficiaries of the plans;
- since 2013, the conditions have also included an external performance condition applicable to all French and foreign beneficiaries of the plans;
- since 2013, the vesting period applicable to the plans has been 4 years as from their grant date for all French and foreign beneficiaries; the plans comprise no holding period;
- the number of shares that may be granted to the beneficiary under each plan is determined using an external benchmark from which are deducted a minimum number of shares (50%) and a maximum number (130%). In all cases, the final grant depends on the fulfillment of performance and presence conditions.

The performance conditions are the following:

- 60% fulfillment of an internal performance condition related since 2016 to the Group net income after tax (before 2016, Group net income before tax), before taking into account any exceptional events. This internal condition is assessed by comparing the net result of the third fiscal year after the allocation date of the performance shares against the one as forecasted in the Group's medium-term plan reviewed and

approved by the Board of Directors on the allocation date of the performance shares; and

- 40% fulfillment of an external performance condition, i.e., growth of the Company's net earnings per share assessed between the last fiscal year before the allocation date of the performance shares and the third fiscal year ended after the allocation date of the performance shares. This condition is assessed against the weighted growth of a reference group made up of twelve comparable international automotive equipment suppliers over the same period.

The reference group is made up of the following European and North American automotive equipment suppliers:

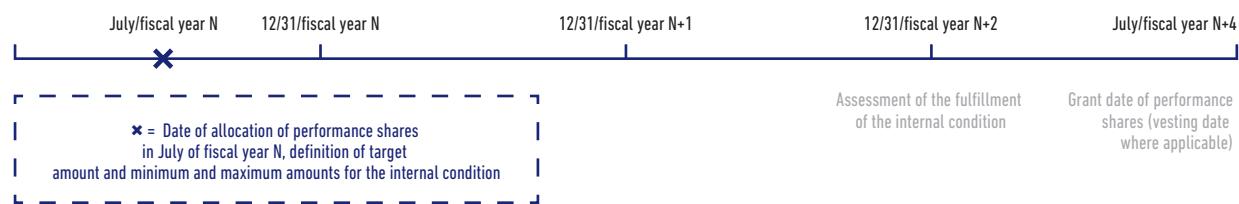
- Autoliv (Sweden)
- Autoneum (formerly Rieter) (Switzerland)
- Borg Warner (United States)
- Continental (Germany)
- Delphi (United States)
- GKN (United Kingdom)
- Adient (United States)
- Lear (United States)
- Magna (Canada)
- Plastic Omnium (France)
- Tenneco (United States)
- Valeo (France)

This group generally remains stable but may be modified in the event of a major change concerning one of its members.

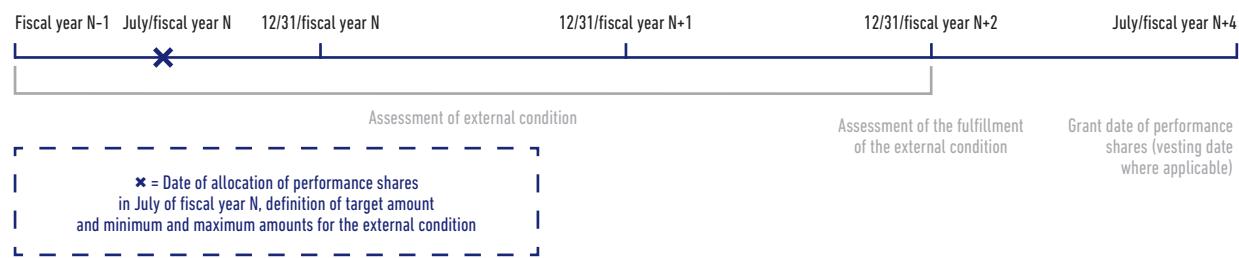


METHOD USED FOR THE AWARD OF PERFORMANCE SHARE PLANS

INTERNAL CONDITION (NET INCOME)



EXTERNAL CONDITION (NET EARNINGS PER SHARE)



SUMMARY OF THE ACHIEVEMENT OF PERFORMANCE SHARE PLAN CONDITIONS

Plans	Performance condition	Minimum	Target	Maximum	Comments
Plan No. 1 of June 23, 2010	<u>Internal condition:</u> Net income before tax of the Group as of December 31, 2011, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.	Group net income before tax at December 31, 2011 equal to 78% of that of the 2011 medium-term plan.	Group net income before tax at December 31, 2011 in line with that of the 2011 medium-term plan.	Group net income before tax at December 31, 2011 equal to 126% of that of the 2011 medium-term plan.	Maximum performance condition fulfilled. The maximum number of shares was granted to the beneficiaries present on the vesting date.
Plan No. 2 of July 21, 2010	<u>Internal condition:</u> Net income before tax of the Group as of December 31, 2012, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.	Group net income before tax at December 31, 2012 equal to 75% of that of the 2012 medium-term plan.	Group net income before tax at December 31, 2012 in line with that of the 2012 medium-term plan.	Group net income before tax at December 31, 2012 equal to 125% of that of the 2012 medium-term plan.	Condition not met. Plan cancelled.
Plan No. 3 of July 25, 2011	<u>Internal condition:</u> Net income before tax of the Group as of December 31, 2013, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.	Group net income before tax at December 31, 2013 equal to 75% of that of the 2013 medium-term plan.	Group net income before tax at December 31, 2013 in line with that of the 2013 medium-term plan.	Group net income before tax at December 31, 2013 equal to 125% of that of the 2013 medium-term plan.	Condition not met. Plan cancelled.
Plan No. 4 of July 23, 2012	<u>Internal condition (60%):</u> Net income before tax of the Group as of December 31, 2014, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated. <u>External condition (40%):</u> Growth in Faurecia's net earnings per share between fiscal year 2011 and fiscal year 2014, assessed against the weighted growth of a reference group comprised of twelve global automotive equipment suppliers.	Group net income before tax at December 31, 2014 equal to 75% of that of the 2014 medium-term plan. If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points below this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.	Group net income before tax at December 31, 2014 in line with that of the 2014 medium-term plan. If the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled.	Group net income before tax at December 31, 2014 equal to 125% of that of the 2014 medium-term plan. If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points above this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.	Conditions not met. Plan cancelled.



Plans	Performance condition	Minimum	Target	Maximum	Comments
Plan No. 5 of July 24, 2013	<u>Internal condition (60%):</u> Net income before tax of the Group as of December 31, 2015, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.	Group net income before tax at December 31, 2015 equal to 75% of that of the 2015 medium-term plan.	Group net income before tax at December 31, 2015 in line with that of the 2015 medium-term plan.	Group net income before tax at December 31, 2015 equal to 125% of that of the 2015 medium-term plan.	Maximum performance conditions fulfilled. The presence condition will be verified at the end of the vesting period on July 24, 2017.
	<u>External condition (40%):</u> Growth in Faurecia's net earnings per share between fiscal year 2012 and fiscal year 2015, assessed against the weighted growth of a reference group comprised of twelve global automotive equipment suppliers.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points below this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.	If the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points above this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.	
Plan No. 6 of July 28, 2014	<u>Internal condition (60%):</u> Net income before tax of the Group as of December 31, 2016, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.	Group net income before tax at December 31, 2016 equal to 75% of that of the 2016 medium-term plan.	Group net income before tax at December 31, 2016 in line with that of the 2016 medium-term plan.	Group net income before tax at December 31, 2016 equal to 125% of that of the 2016 medium-term plan.	Maximum performance conditions fulfilled. The presence condition will be verified at the end of the vesting period on July 28, 2018.
	<u>External condition (40%):</u> Growth in Faurecia's net earnings per share between fiscal year 2013 and fiscal year 2016, assessed against the weighted growth of a reference group comprised of twelve global automotive equipment suppliers.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points below this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.	If the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled.	If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth. If the reference group's weighted growth in net earnings per share is between -20% and +20%, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points above this weighted growth. If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.	

Plans	Performance condition	Minimum	Target	Maximum	Comments
Plan No. 7 of July 23, 2015	<p><u>Internal condition (60%):</u> Net income before tax of the Group as of December 31, 2017, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed by the Board of Directors on the date when the shares are allocated.</p> <p><u>External condition (40%):</u> Growth in Faurecia's net earnings per share between fiscal year 2014 and fiscal year 2017, assessed against the weighted growth of a reference group comprised of twelve global automotive equipment suppliers.</p>	<p>Group net income before tax at December 31, 2017 equal to 75% of that of the 2017 medium-term plan.</p> <p>If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.</p> <p>If the reference group's weighted growth in net earnings per share is between -20% and +20%, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points below this weighted growth.</p> <p>If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.</p>	<p>Group net income before tax at December 31, 2017 in line with that of the 2017 medium-term plan.</p> <p>If the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled.</p>	<p>Group net income before tax at December 31, 2017 equal to 125% of that of the 2017 medium-term plan.</p> <p>If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.</p> <p>If the reference group's weighted growth in net earnings per share is between -20% and +20%, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points above this weighted growth.</p> <p>If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.</p>	Plan in vesting period.
Plan No. 8 of July 25, 2016	<p><u>Internal condition (60%):</u> Group net income after tax (excluding exceptional tax credits) at December 31, 2018, (before gains on disposals of assets and changes in the Group's structure), as approved by the Board of Directors compared with the result forecast for that year in the Group's Medium-Term Plan reviewed by the Board of Directors at the time of the share allocation.</p> <p><u>External condition (40%):</u> Growth in Faurecia's net earnings per share between fiscal year 2015 and fiscal year 2018, assessed against the weighted growth of a reference group comprised of twelve global automotive equipment suppliers.</p>	<p>Group net income after tax at December 31, 2018 equal to 75% of that of the 2018 medium-term plan.</p> <p>If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.</p> <p>If the reference group's weighted growth in net earnings per share is between -20% and +20%, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points below this weighted growth.</p> <p>If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the minimum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.</p>	<p>Group net income after tax at December 31, 2018 in line with that of the 2018 medium-term plan.</p> <p>If the reference group's weighted growth in net earnings per share is in line with the growth in Faurecia's net earnings per share, the target external condition is fulfilled.</p>	<p>Group net income after tax at December 31, 2018 equal to 125% of that of the 2018 medium-term plan.</p> <p>If the reference group's weighted growth in net earnings per share is below -20%, therefore negative, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 75% of this weighted growth.</p> <p>If the reference group's weighted growth in net earnings per share is between -20% and +20%, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is 5 points above this weighted growth.</p> <p>If the reference group's weighted growth in net earnings per share is above +20%, therefore positive, the maximum external condition will be fulfilled if the growth in Faurecia's net earnings per share is equal to 125% of this weighted growth.</p>	Plan in vesting period.



DETAILED HISTORY OF PERFORMANCE SHARE PLANS

TABLE NO. 9 (AFEP-MEDEF CODE)

Information on the allocation of performance shares	Plan No. 1 of June 23, 2010	Plan No. 2 of July 21, 2010	Plan No. 3 of July 25, 2011	Plan No. 4 of July 23, 2012
Date of General Meeting (GM)/Board of Directors meeting (BM)	<ul style="list-style-type: none"> ● GM, February 8, 2010 ● BM, June 23, 2010 	<ul style="list-style-type: none"> ● GM, February 8, 2010 ● BM, July 21, 2010 	<ul style="list-style-type: none"> ● GM, May 26, 2011 ● BM, July 25, 2011 	<ul style="list-style-type: none"> ● GM, May 26, 2011 ● BM, July 23, 2012
Maximum number of shares granted during the relevant period	860,600	887,250	933,400	1,049,100
Total maximum number of shares that may be granted to Yann DELABRIÈRE	37,050	37,050	52,000	52,000
Maximum total number of shares that may be granted to Patrick KOLLER*	14,250	19,500	19,500	19,500
Target number of shares granted during the relevant period	662,000	682,500	718,000	807,000
Grant date	June 23, 2012 for beneficiaries working and tax resident in France/ June 23, 2014 for others	July 21, 2013 for beneficiaries working in France and tax resident in France/July 21, 2014 for all other beneficiaries	July 25, 2014 for beneficiaries working in France and tax resident in France/July 25, 2015 for all other beneficiaries	July 23, 2015 for beneficiaries working in France and tax resident in France/July 23, 2016 for all other beneficiaries
Vesting date	June 23, 2014 for all plan beneficiaries working, tax residents or abroad	July 21, 2015 for beneficiaries working in France and tax resident in France/July 21, 2014 for all other beneficiaries	July 25, 2016 for beneficiaries working in France and tax resident in France/July 25, 2015 for all other beneficiaries	July 23, 2017 for beneficiaries working in France and tax resident in France/July 23, 2016 for all other beneficiaries
Performance condition	Net income before tax of the Group as of December 31, 2011, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed and decided by the Board of Directors on the date when the shares are allocated.	Net income before tax of the Group as of December 31, 2012, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed and decided by the Board of Directors on the date when the shares are allocated.	Net income before tax of the Group as of December 31, 2013, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed and decided by the Board of Directors on the date when the shares are allocated.	<ul style="list-style-type: none"> ● Net income before tax of the Group as of December 31, 2014, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed and decided by the Board of Directors on the date when the shares are allocated; and ● Growth in Faurecia's net earnings per share between fiscal year 2011 and fiscal year 2014, assessed against the weighted growth of a reference group comprised of 12 comparable international automotive equipment suppliers.
Number of shares granted at December 31, 2016	707,200	0	0	0
Accumulated number of shares cancelled or forfeited at December 31, 2016**	153,400	682,500	718,000	807,000
Shares allocated free of charge remaining at end of period	0	0***	0****	0*****

* Shares granted to Patrick Koller under plans No. 1 to 6 were awarded before he became a corporate officer.

** The maximum performance conditions for plan No. 5 were fulfilled, so this plan is based on the maximum number of shares. The other plans are based on the target number.

*** The performance condition for plan No. 2 was not met: no shares were granted to the beneficiaries under this plan.

**** The performance condition for plan No. 3 was not met: no shares were granted to the beneficiaries under this plan.

***** The performance condition for plan No. 4 was not met: no shares were granted to the beneficiaries under this plan.

**Information on the allocation
of performance shares**

	Plan No. 5 of July 24, 2013	Plan No. 6 of July 28, 2014	Plan No. 7 of July 23, 2015	Plan No. 8 of July 25, 2016
Date of General Meeting (GM)/Board of Directors meeting (BM)	● GM, May 30, 2013 ● BM, July 24, 2013	● GM, May 30, 2013 ● BM, July 28, 2014	● GM, May 27, 2015 ● BM, July 23, 2015	● GM, May 27, 2016 ● BM, July 25, 2016
Maximum number of shares granted during the relevant period	1,215,500	957,125	889,981	989,945
Total maximum number of shares that may be granted to Yann DELABRIÈRE	71,500	68,900	55,798	0
Maximum total number of shares that may be granted to Patrick KOLLER*	26,000	18,525	26,383	55,095
Target number of shares granted during the relevant period	935,000	736,250	684,674	760,961
Grant date	July 24, 2017 for all plan beneficiaries working and having their tax residence in France or abroad	July 28, 2018 for all plan beneficiaries working and having their tax residence in France or abroad	July 23, 2019 for all plan beneficiaries working and having their tax residence in France or abroad	July 25, 2020 for all plan beneficiaries working and having their tax residence in France or abroad
Vesting date	July 24, 2017 for all plan beneficiaries working and having their tax residence in France or abroad	July 28, 2018 for all plan beneficiaries working and having their tax residence in France or abroad	July 23, 2019 for all plan beneficiaries working and having their tax residence in France or abroad	July 25, 2020 for all plan beneficiaries working and having their tax residence in France or abroad
Performance condition	<ul style="list-style-type: none"> ● Net income before tax of the Group as of December 31, 2015, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed and decided by the Board of Directors on the date when the shares are allocated; and ● Growth in Faurecia's net earnings per share between fiscal year 2012 and fiscal year 2015, assessed against the weighted growth of a reference group comprised of 12 comparable international automotive equipment suppliers. 	<ul style="list-style-type: none"> ● Net income before tax of the Group as of December 31, 2016, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed and decided by the Board of Directors on the date when the shares are allocated; and ● Growth in Faurecia's net earnings per share between fiscal year 2013 and fiscal year 2016, assessed against the weighted growth of a reference group comprised of 12 comparable international automotive equipment suppliers. 	<ul style="list-style-type: none"> ● Net income before tax of the Group as of December 31, 2017, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed and decided by the Board of Directors on the date when the shares are allocated; and ● Growth in Faurecia's net earnings per share between fiscal year 2015 and fiscal year 2018, assessed against the weighted growth of a reference group comprised of 12 international comparable automotive equipment suppliers. 	<ul style="list-style-type: none"> ● Net income after tax of the Group as of December 31, 2018, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as forecast in the Group's medium-term plan reviewed and decided by the Board of Directors on the date when the shares are allocated; and ● Growth in Faurecia's net earnings per share between fiscal year 2014 and fiscal year 2017, assessed against the weighted growth of a reference group comprised of 12 comparable international automotive equipment suppliers.
Number of shares granted at December 31, 2016	-	-	-	-
Accumulated number of shares cancelled or forfeited at December 31, 2016**	247,000	106,550	60,046	18,800
Shares allocated free of charge remaining at end of period	968,500	629,700	624,628	742,161

* Shares granted to Patrick Koller under plans No. 1 to 6 were awarded before he became a corporate officer.

** The maximum performance conditions for plan 5 were fulfilled, this plan is based on the maximum number of shares. The other plans are based on the target number.

All shares allocated free of charge remaining at December 31, 2016 (2,964,989 shares) represent 2.15% of the Company's capital stock at this date.



Convertible or exchangeable bonds (OCEANE)

On September 18, 2012, based on the authority given to the Board of Directors at the General Meeting of May 23, 2012, the Board of Directors' decision on August 31, 2012, and subsequent decisions by the Chairman and Chief Executive Officer on September 10 and 12, 2012, Faurecia issued 12,833,675 bonds maturing on January 1, 2018 (gross issue value €249,999,989).

The unit nominal value for the bonds was set at €19.48 and they are redeemable at par on January 1, 2018. The bonds bear annual interest of 3.25% (i.e. €0.63 per year and per bond) payable on January 1, each year, as from January 1, 2013.

On December 7, 2015, Faurecia announced its decision to proceed with the early redemption of all 8,479,891 outstanding bonds, effective January 15, 2016.

Until January 6, 2016 inclusive, holders of OCEANE bonds had the option of either converting them into shares, at the rate of 1.02 Faurecia shares for each OCEANE redeemed, or receiving a cash payment, on January 15, 2016, of €19.504 per OCEANE including accrued interest.

Within this early redemption procedure, bond-holders opted virtually unanimously to convert their OCEANE bonds into Faurecia shares: 8,454,791 OCEANE bonds (99.83% of the total outstanding) were converted into 8,623,867 new Faurecia shares.

As of December 31, 2016, there were no OCEANE bonds outstanding.

TRADING BY THE COMPANY IN ITS OWN SHARES DURING 2016 (ARTICLE L. 225-211 OF THE FRENCH CODE OF COMMERCE)

The General Meeting of May 27, 2016 authorized the implementation of a share buy-back program, superseding that authorized in the tenth resolution of the General Meeting of May 27, 2015.

TREASURY STOCK (EXCLUDING THE LIQUIDITY CONTRACT)

In 2016, the Company bought back 800,000 shares at the average price of €31.56 (weighted gross price).

Trading costs amounted to €15,150.25 excluding VAT.

The value of these shares, measured at their purchase price, totals €25,250,413.39.

These 800,000 shares were purchased to cover the performance share plans. None of the 800,000 shares purchased in 2016 were used in 2016 and none of them were re-allocated.

At December 31, 2016, the Company held 807,216 treasury shares, i.e. 0.59% of the Company's capital stock on that date (see Note 22.3 to the consolidated financial statements).

LIQUIDITY CONTRACT

Since April 27, 2009, Faurecia has been implementing a liquidity agreement that complies with the AMAFI Code of Ethics.

In 2016, under this liquidity agreement, 1,852,378 shares were purchased, i.e. 1.34% of the Company's capital stock, for a total of €60,674,094.37, while 1,852,378 shares were sold for a total of €60,804,471.22.

As of December 31, 2016, assets in the liquidity account relating to the liquidity agreement comprised 0 shares and €4,690,527.96 in cash.

In 2016, the capital gain made through the liquidity agreement amounted to €130,376.85. Management fees for the liquidity agreement came to €100.00 in 2016.

DESCRIPTION OF THE BUY-BACK PROGRAM

(Defined according to Article 241-2 of the AMF's General Regulation)

A new share buyback authorization will be submitted to the General Meeting of May 30, 2017, with the following terms and conditions:

Resolution eighteen – Authorisation to the Board of Directors aiming to allow the Company to buy back its own shares pursuant to Article L. 225-209 of the French Code of commerce, duration of authorisation, purposes, conditions, ceiling, suspension during public offerings

The General Meeting, after having read the report by the Board of Directors, authorises the latter, for a period of eighteen months, in accordance with Articles L. 225-209 and subsequent of the French Code of commerce, to purchase company shares, in one or several instalments, as such times that it deems appropriate, capped at 10% of the total number of shares in the Company's share capital, adjusted to take into account any possible increase or decrease in the share capital that may occur during the program.

This authorisation terminates the authorisation granted to the Board of Directors by the Combined General Meeting of May 27, 2016 (ordinary resolution eleven).

Acquisitions are authorised in order to:

- support the secondary market or the liquidity of Faurecia shares, through an investment service provider under a liquidity contract, in accordance with the AMAFI (French association of stock markets) Code of Ethics, as allowed by regulations;
- retain the shares purchased and use these shares for exchange or payment at a later stage, as part of any possible external growth transactions;
- hedge stock option plans and/or free grant of shares plans (or similar plans) to the benefit of employees and/or Group corporate officers, as well as all allocations of shares as part of a group or company savings plan (or similar plan), under a profit-sharing plan and/or any other form of allocation of shares to the benefit of the Group employees and/or corporate officers;

- hedge securities giving access to the allocation of Company shares subject to the regulations in force;
- cancel the shares acquired, if applicable, subject to the current or future authorisation of an Extraordinary General Meeting.

Such shares may be purchased by any means, including by acquiring blocks of shares, and at such times deemed appropriate by the Board of Directors.

The Board of Directors may not, without the prior authorisation of the Annual General Meeting, use this authorisation during a public offering launched by a third party, involving company shares, until the end of the offering.

The company reserves the right to use optional mechanisms or derivatives products subject to the applicable regulations.

The maximum purchase price per share is defined as €60 (sixty euros). In the event of transactions affecting the share capital,

in particular division or regrouping of shares or allocation of free shares, the aforementioned amount will be adjusted in the same proportions (multiplication coefficient equal to the ratio of the number of company shares prior to the transaction to the number of shares after the transaction).

On this basis, and for information only, the maximum amount, which the Company would pay, assuming a maximum purchase price of €60 (sixty euros), would amount to €779,781,840 on the basis of the share capital on December 31, 2016 (consisting of 138,035,801 shares), taking into account the 807,216 company treasury shares on this date.

The General Meeting grants full powers to the Board of Directors, with a sub-delegation option in accordance with legal provisions, to carry out these operations, set the conditions and procedures thereof, enter into all agreements and carry out all of the required formalities.

CHANGE IN FAURECIA'S CAPITAL STOCK OVER THE LAST FIVE YEARS

Year and type of transaction	Amount of the capital stock increase/reduction (in €)		New capital stock (in €)	Resulting share premium (in €)	New number of shares
	Nominal amount	Premium			
02/2012					
Capital stock increased by 242 new shares following bond conversions	1,694	2,829	772,578,415	742,099,055	110,368,345
06/2012					
Capital stock increased by creating 465,400 shares under Performance Shares Plan No. 1	3,257,800	-	775,836,215	-	110,833,745
03/2013					
Capital stock increased by creating 5,200 shares under Performance Shares Plan No. 1	36,400	-	775,872,615	-	110,838,945
08/2013					
Capital stock increased by creating 7,800 shares under Performance Shares Plan No. 1	54,600	-	775,927,215	-	110,846,745
09/2013					
Capital stock increased by creating 5,200 shares under Performance Shares Plan No. 1	36,400	-	775,963,615	-	110,851,945
12/2013					
Capital stock increased by 11,736,190 new shares following the early redemption of the OCEANE bonds maturing on January 1, 2015	82,153,330	128,759,451	858,116,945	870,858,506	122,588,135



Year and type of transaction	Amount of the capital stock increase/reduction (in €)		New capital stock (in €)	Resulting share premium (in €)	New number of shares
	Nominal amount	Premium			
06/2014 Capital stock increased by creating 1,102,775 shares as part of the 2013 dividend payment in shares, creating 221,000 shares under Performance Shares Plan No. 1 and creating 13,300 shares under Plan No. 18	9,359,525	22,152,382	867,476,470	893,010,889	123,925,210
06/2015 Capital stock increase resulting from the creation of 800,251 shares in connection with the payment of the 2014 dividend in shares, the creation of 96,960 shares in response to requests for the conversion of OCEANE bonds, and the creation of 93,600 shares following the exercise of stock options under Plan No. 18	6,935,677	28,224,379	874,412,147	921,235,268	124,916,021
11/2015 Capital stock increase resulting from the creation of 4,341,813 shares in response to requests for the conversion of OCEANE bonds	30,392,691	52,527,572	904,804,838	973,762,840	129,257,834
12/2015 Capital stock increase resulting from the creation of 7,933,744 shares in response to requests for the conversion of OCEANE bonds on January 1, 2018 and the creation of 1,200 shares following the exercise of stock options under Plan No. 18	55,544,608	96,008,745	960,349,446	1,069,771,585	137,192,778
01/2016 Capital stock increase resulting from the creation of 690,123 shares in response to requests for the conversion of OCEANE bonds on January 1, 2018	4,830,861	8,349,171	965,180,307	1,078,120,756	137,882,901
07/2016 Capital stock increase resulting from the creation of 152,900 shares following the exercise of stock options under Plan No. 18	1,070,300	3,269,002	966,250,607	1,081,389,758	138,035,801

CHANGE IN SHAREHOLDER STRUCTURE OVER THE LAST THREE YEARS

Shareholders at December 31, 2016	Shares	% capital stock	Theoretical voting rights*	% theoretical voting rights	Voting rights exercisable in the General Meeting*	% voting rights exercisable in the General Meeting
Peugeot S.A.	63,960,006	46.34	127,340,515	62.94	127,340,515	63.20
Faurecia Actionnariat Corporate Mutual fund	352,305	0.25	661,420	0.33	661,420	0.33
Corporate officers	93,658	0.06	154,182	0.07	154,182	0.08
Treasury stock	807,216	0.58	807,216	0.40	0	0.00
o/w liquidity agreement	0	0	0	0	0	0.00
Other shareholders (registered shares and bearer shares)	72,822,616	52.76	73,343,730	36.25	73,343,730	36.40
TOTAL	138,035,801	100%	202,307,063	100%	201,499,847	100%

* Calculated based on information from the Caceis Corporate Trust Register on December 31, 2016.

Shareholders at December 31, 2015	Shares	% capital stock	Theoretical voting rights*	% theoretical voting rights	Voting rights exercisable in the General Meeting*	% voting rights exercisable in the General Meeting
Peugeot S.A.	63,960,006	46.62	127,277,956	63.22	127,277,956	63.22
Faurecia Actionnariat Corporate Mutual fund	329,685	0.24	631,353	0.31	631,353	0.31
Corporate officers	93,916	0.07	154,107	0.08	154,107	0.08
Treasury stock	21,888	0.02	21,888	0.01	0	0.00
o/w liquidity agreement	0	0	0	0	0	0.00
Other shareholders (registered shares and bearer shares)	72,787,283	53.05	73,252,625	36.38	73,252,625	36.39
TOTAL	137,192,778	100%	201,337,929	100%	201,316,041	100%

* Calculated based on information from the Caceis Corporate Trust Register on December 31, 2015.

Shareholders at December 31, 2014	Shares	% capital stock	Theoretical voting rights*	% theoretical voting rights	Voting rights exercisable in the General Meeting*	% voting rights exercisable in the General Meeting
Peugeot S.A.	63,380,509	51.14	126,698,459	67.35	126,698,459	67.36
Faurecia Actionnariat Corporate Mutual fund	316,482	0.26	586,797	0.31	586,797	0.31
Corporate officers	60,552	0.05	105,793	0.06	105,793	0.06
Treasury stock	36,266	0.03	36,266	0.02	0	0.00
o/w liquidity agreement	13,812	0.01	13,812	0.00	0	0.00
Other shareholders (registered shares and bearer shares)	60,131,401	48.52%	60,692,995	32.26%	60,692,995	32.27%
TOTAL	123,925,210	100%	188,120,310	100%	188,084,044	100%

* Calculated based on information from the Caceis Corporate Trust Register on December 31, 2014.

MAJORITY SHAREHOLDER

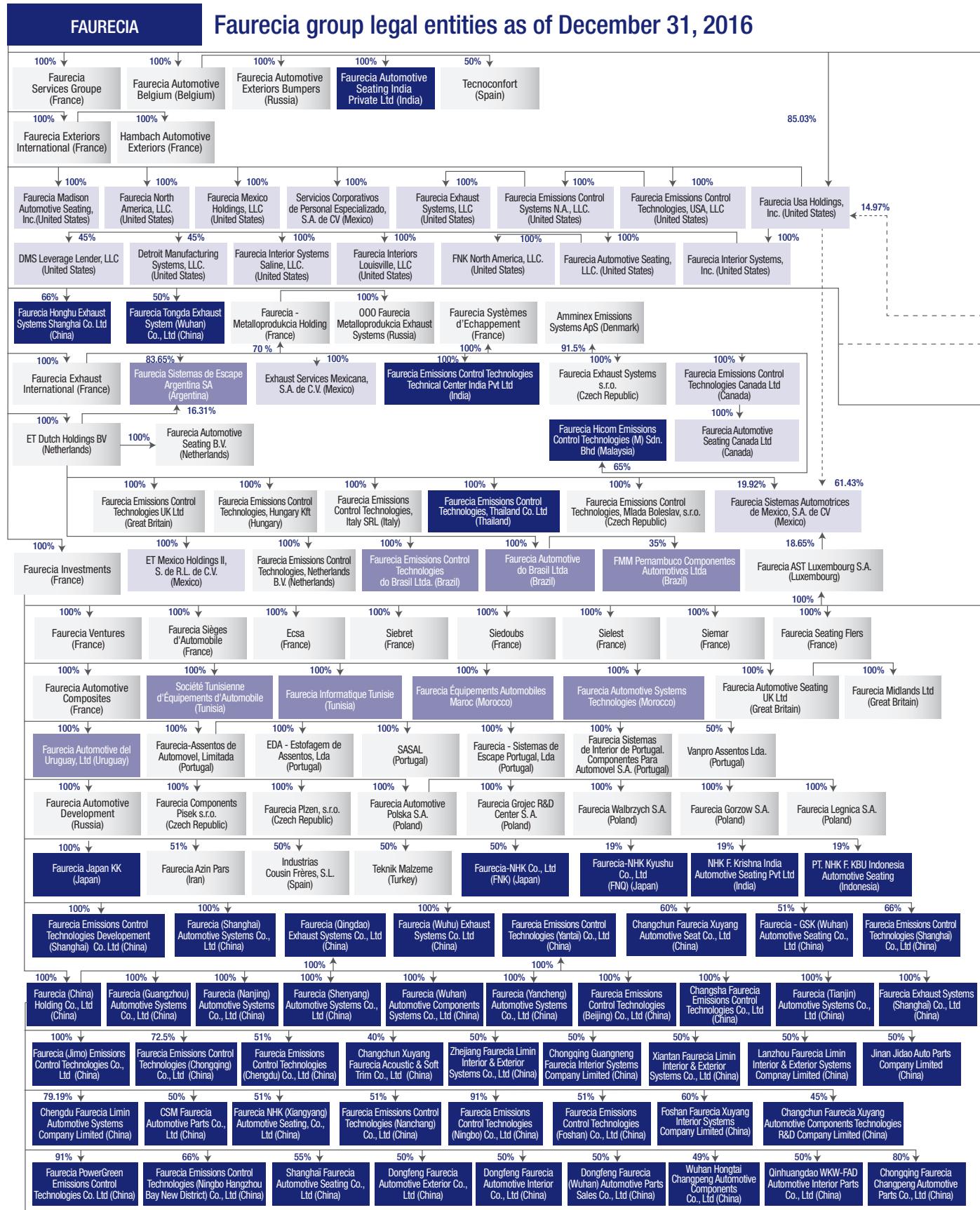
As of December 31, 2016, Peugeot S.A. owned 46.34% of the capital stock of Faurecia.

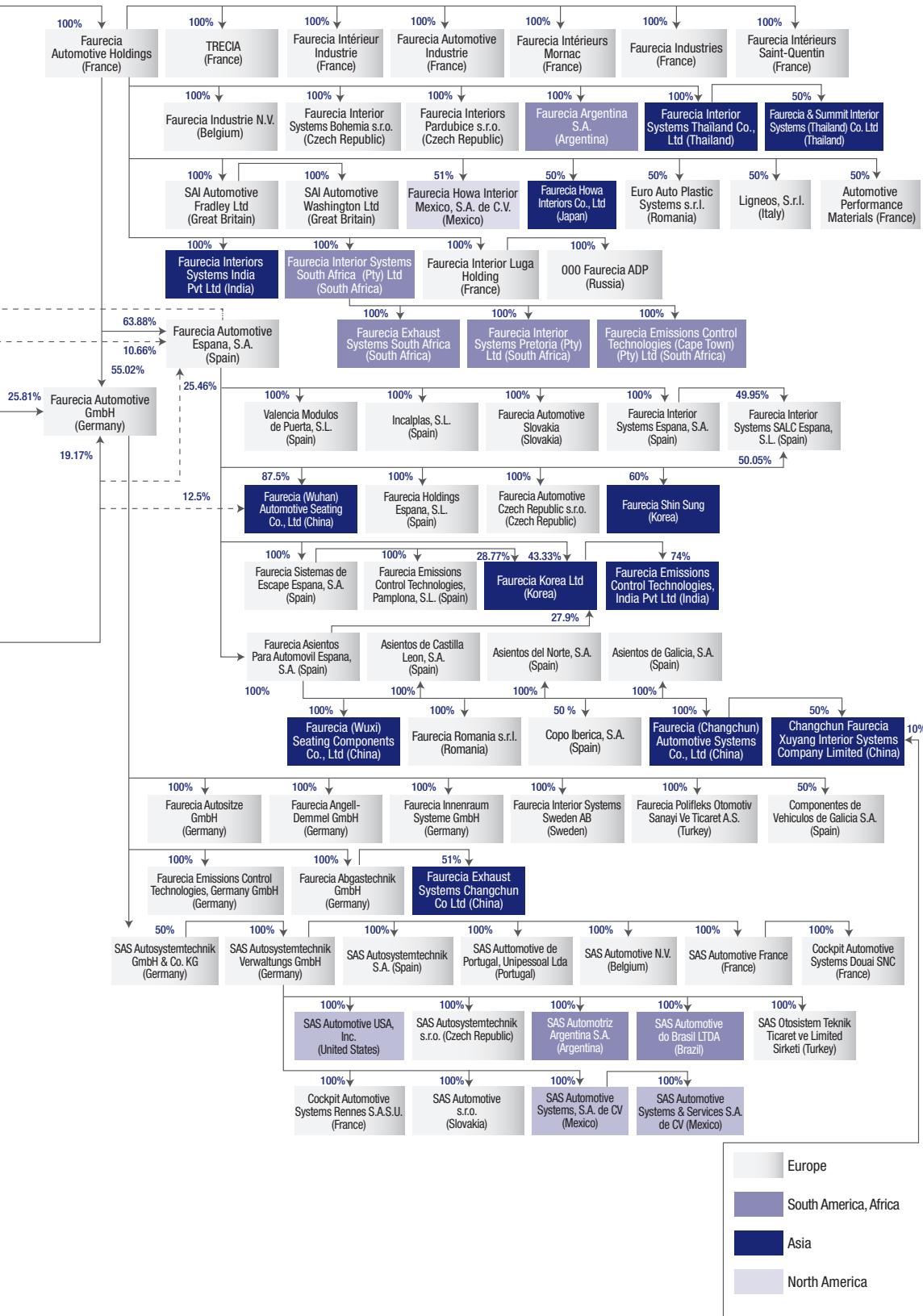
IDENTIFICATION OF SHAREHOLDERS

The Company is entitled to ask the central depository at any time for the names of holders of securities carrying immediate or future voting rights at General Meetings, the number of securities held by each, plus details of any restrictions applicable to the securities.



11.4.2.3. Group organization chart







11.4.2.4. Additional information on audits

A. THE AUDIT OF THE FINANCIAL STATEMENTS

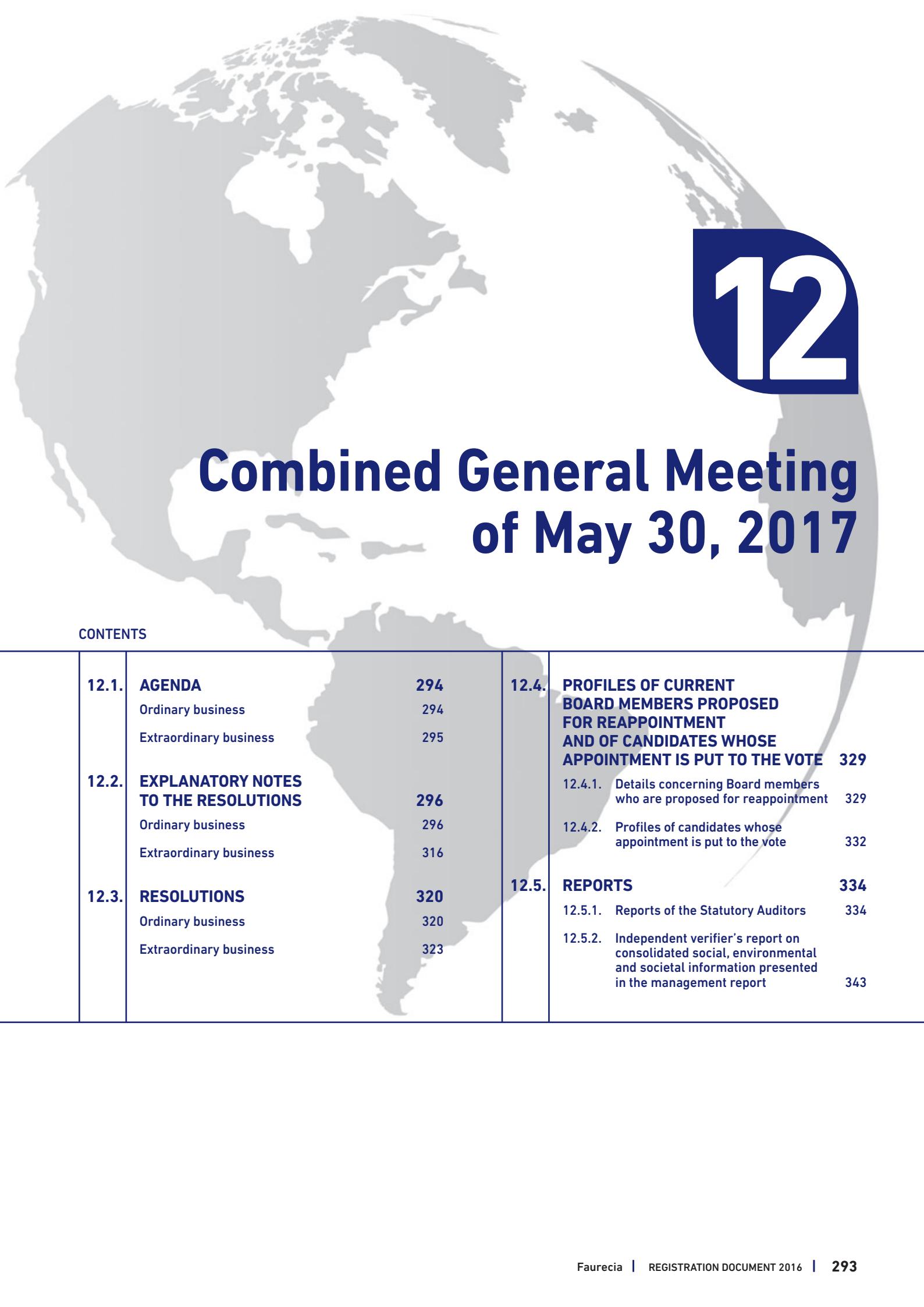
In accordance with French company law, Faurecia's Statutory Auditors certify the parent company and Group financial statements and review the situation of its significant consolidated subsidiaries through members of their networks.

In 2016, Ernst & Young Audit and PricewaterhouseCoopers Audit received €4.6 million and €5.3 million respectively for their audit assignments.

The table in Note 33 to the consolidated financial statements shows the fees that Faurecia and its fully consolidated subsidiaries recorded in their 2016 financial statements for work assigned to the Statutory Auditors.

B. PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

	Date of first appointment	Expiry of current term
STATUTORY AUDITORS		
ERNST & YOUNG Audit represented by Mrs. Valérie Quint (Member of the Versailles Regional Association of Statutory Auditors) Tour First TSA 14444 92037 Paris-La Défense Cedex France	June 17, 1983	2019 AGM
PricewaterhouseCoopers Audit represented by Mr. Éric Bertier (Member of the Versailles Regional Association of Statutory Auditors) 63, rue de Villiers 92208 Neuilly-sur-Seine France	May 27, 2003	2019 AGM
ALTERNATE STATUTORY AUDITORS		
Auditex	May 27, 2003	2019 AGM
Mr. Étienne BORIS	May 23, 2005	2019 AGM



12

Combined General Meeting of May 30, 2017

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12.1. Agenda

ORDINARY BUSINESS

Resolution one - Approval of the parent company financial statements for the year ending December 31, 2016 – Approval of non-tax-deductible expenses and costs,

Resolution two - Approval of the consolidated financial statements for the year ending December 31, 2016,

Resolution three - Appropriation of income for the fiscal year, dividend,

Resolution four - Special report by the Statutory Auditors on regulated agreements and undertakings and approval of new agreements,

Resolution five - Special report by the Statutory Auditors on the undertakings referred to in Article L. 225-42-1 of the French Code of commerce – Approval of the undertakings in favor of Mr. Patrick Koller, Chief Executive Officer,

Resolution six - Approval of the principles and criteria used to determine, allocate and award the compensation of the Chairman of the Board of Directors,

Resolution seven - Approval of the principles and criteria used to determine, allocate and award the compensation of the Chief Executive Officer,

Resolution eight - Opinion on the components of the compensation due or granted for the year ending December 31, 2016 to Mr. Yann Delabrière as Chairman and Chief Executive Officer up to June 30, 2016,

Resolution nine - Opinion on the components of the compensation due or granted for the year ending December 31, 2016 to Mr. Yann Delabrière as Chairman of the Board of Directors from July 1, 2016,

Resolution ten - Opinion on the components of the compensation due or granted for the year ending December 31, 2016 to Mr. Patrick Koller as Deputy Chief Executive Officer up to June 30, 2016,

Resolution eleven - Opinion on the components of the compensation due or granted for the year ending December 31, 2016 to Mr. Patrick Koller as Chief Executive Officer from July 1, 2016,

Resolution twelve - Renewal of the mandate of Ms. Amparo Moraleda as Board member,

Resolution thirteen - Renewal of the mandate of Mr. Jean-Baptiste Chasseloup de Chatillon as Board member,

Resolution fourteen - Renewal of the mandate of Mr. Jean-Pierre Clamadieu as Board member,

Resolution fifteen - Renewal of the mandate of Mr. Robert Peugeot as Board member,

Resolution sixteen - Appointment of Mr. Patrick Koller as Board member,

Resolution seventeen - Appointment of Ms. Penelope Herscher as Board member,

Resolution eighteen - Authorisation to the Board of Directors aiming to allow the Company to buy back its own shares pursuant to Article L. 225-209 of the French Code of commerce, duration of authorisation, purposes, conditions, ceiling, suspension during public offerings,

EXTRAORDINARY BUSINESS

Resolution nineteen - Authorisation to the Board of Directors in view of cancelling the shares bought back by the Company pursuant to Article L. 225-209 of the French Code of commerce, duration of authorisation, ceiling.

Resolution twenty - Delegation of powers to the Board of Directors to issue ordinary shares giving access, if applicable, to ordinary shares or allotment of debt securities (of the Company or a direct or indirect subsidiary), and/or securities giving access to ordinary shares (of the Company or a direct or indirect subsidiary) with preferential subscription right or to increase the share capital by incorporating reserves, profits and/or premiums, duration of the delegation, maximum par value of the increase in share capital, outcome of fractional shares, option to offer unsubscribed securities to the public, suspension during public offerings.

Resolution twenty-one - Delegation of powers to the Board of Directors to issue ordinary shares giving access, if applicable, to ordinary shares or allotment of debt securities (of the Company or a direct or indirect subsidiary), and/or securities giving access to ordinary shares (of the Company or a direct or indirect subsidiary) without preferential subscription right by public offering and/or in consideration of securities within the framework of a public exchange offer, duration of the delegation, maximum par value of the increase in the share capital, issuing price, option to limit the amount of subscriptions or distribute unsubscribed securities, suspension during public offerings,

Resolution twenty-two - Delegation of powers to the Board of Directors to issue ordinary shares giving access, if applicable, to ordinary shares or allotment of debt securities (of the Company or a direct or indirect subsidiary), and/or securities giving access to ordinary shares (of the Company or a direct or indirect subsidiary) without preferential subscription right by an offer defined in II of Article L. 411-2 of the French Monetary and Financial Code, duration of the delegation, maximum par value of the increase in the share capital, issuing price, option to limit the amount of subscriptions or distribute unsubscribed securities, suspension during public offerings,

Resolution twenty-three - Authorisation to increase the amount of shares issued in the event of surplus demand, suspension during public offerings,

Resolution twenty-four - Delegation of powers to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to the share capital, without preferential subscription rights in favor of the beneficiaries of a company savings plan in application of Articles L. 3332-18 and subsequent of the French Labour Code, duration of the delegation, maximum par value of the increase in share capital, issuing price, option to allocate free shares in application of Article L. 332-21 of the French Labour Code,

Resolution twenty-five - Modification of the bylaws in order to provide conditions for the appointment of Board members representing employees,

Resolution twenty-six - Powers for formalities.



12.2. Explanatory notes to the resolutions

ORDINARY BUSINESS

The first three resolutions that are submitted to your vote concern the approval of the financial statements for the 2016 fiscal year and the appropriation of income.

The fourth resolution concerns 'regulated' agreements and undertakings.

The fifth resolution concerns undertakings in favor of Mr. Patrick Koller, Chief Executive Officer, that are put to your vote in accordance with Article L. 225-42-1 of the French Code of commerce.

In accordance with paragraph 1 of Article L. 225-37-2 of the French Code of commerce derived from French Law No. 2016-1691 of December 9, 2016, on transparency, anti-corruption measures and the modernization of the economy, the purpose of the sixth and seventh resolutions is to put to your vote the principles and criteria for determining, allocating and granting the compensation of executive and non-executive corporate officers.

The purpose of the eighth to eleventh resolutions is to solicit your opinion on the elements of the compensation of executive and non-executive corporate officers that is due or granted for the fiscal year ended December 31, 2016, in accordance with paragraph 26 § 1 of the November 2016 AFEP-MEDEF Corporate Governance Code of listed corporations.

The twelfth to seventeenth resolutions concern governance:

- Ms. Amparo Moraleda, Mr. Jean-Baptiste Chasseloup de Chatillon, Mr. Jean-Pierre Clamadieu and Mr. Robert Peugeot would be reelected as Board members under the twelfth, thirteenth, fourteenth and fifteenth resolutions respectively;
- under the sixteenth and seventeenth resolutions, Mr. Patrick Koller and Ms. Penelope Herscher would be appointed as new Board members.

Please note that the terms of Mr. Yann Delabrière and Mr. Ross McInnes, which are expiring at the end of this General Meeting, are not being submitted for renewal. Consequently, at the end of this General Meeting, the Board of Directors shall still be within the limit of 15 members, in accordance with Article 11 of the bylaws, which stipulate that the Board of Directors of your company may have no more than 15 Board members.

Finally, the eighteenth resolution concerns the share buy-back program.

1.1. Approval of the financial statements and appropriation of income (1st to 3rd resolutions)

APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS FOR 2016 (1st RESOLUTION)

You are asked to approve these financial statements, which show a profit of €99,944,505.79.

You are also asked to approve the total charges and expenses mentioned in paragraph 4 of Article 39 of the General French Tax Code, i.e., €127,700.73, which corresponds to the non-deductible portion of the leases on passenger vehicles and the corresponding tax, which amounts to €21,983.68.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2016 (2nd RESOLUTION)

We are seeking your approval of these financial statements, showing a net profit (Group share) of €637.8 million.

APPROPRIATION OF INCOME (3rd RESOLUTION)

We are asking you to appropriate the income in accordance with French law and our bylaws.

As such, you are asked to approve the appropriation of the net income for 2016 as follows:

Origin

● Profit for the fiscal year	€99,944,505.79
● Retained earnings carried forward	€1,251,495,014.53
Total to be appropriated	€1,351,439,520.32

Appropriation

● Statutory reserve	€1,306,729.10
● Dividends	€124,232,220.90
● Retained earnings	€1,225,900,570.32
Total appropriated	€1,351,439,520.32

In view of the Group's performance, the Board of Directors has decided to suggest distributing a gross dividend of €0.90 per share. For private individuals resident for tax purposes in France, the distribution would be eligible for the 40% reduction referred to in Article 158-3 2° of the General French Tax Code.

Should the number of shares carrying dividend entitlement change compared to the 138,035,801 shares that made up the capital as of December 31, 2016, the total dividend will be adjusted accordingly and the amount appropriated to the retained earnings account will be determined based on the dividend effectively distributed.

The ex-dividend date will be June 2, 2017, and the dividend will be paid on June 6, 2017.

In accordance with Article 243 bis of the General French Tax Code, we remind you that the following dividends were distributed in respect of the last three fiscal years:

Fiscal year	Income eligible for reduction		Income not eligible for reduction
	Dividends	Other distributed income	
2013	€36,780,430.50* i.e., €0.30 per share	-	-
2014	€43,406,583.50* i.e., €0.35 per share	-	-
2015	€89,274,690.70, i.e., €0.65 per share	-	-

* Amount including the dividend corresponding to treasury shares not paid and appropriated to the retained earnings account.

1.2. Regulated agreements and undertakings (4th resolution)

In light of the Statutory Auditors' report on regulated agreements and undertakings, you are asked to approve the new agreement referred to in said report, which was authorized by the Board of Directors on April 13, 2016; an agreement established on June 21, 2016, between Faurecia Services Groupe (a subsidiary of Faurecia) and Capgemini Technology Services (a subsidiary of Capgemini), applying to services provided as part of the Digital Enterprise project.

The Statutory Auditors' report also refers to the agreements and undertakings that were authorized prior to 2016 and that continued during that year, namely:

- a defined contribution pension scheme (Article 83 of the General French Tax Code) and a defined benefits pension scheme (Article 39 of the General French Tax Code) established for the whole Group in France, and for which Mr. Yann Delabrière, who exercised his rights to retirement on July 1, 2016, was eligible;
- a corporate officer agreement between your Company and Mr. Patrick Koller in his capacity as Deputy Chief Executive Officer, which expired on July 1, 2016;
- an additional specific defined benefits pension scheme (Article 39 of the General French Tax Code) for the members of Faurecia's Executive Committee, including Mr. Patrick Koller in his capacity as Deputy Chief Executive Officer.

1.3 Approval of the undertakings in favor of Mr. Patrick Koller, Chief Executive Officer, in accordance with Article L. 225-42-1 of the French Code of commerce (5th resolution)

In light of the Statutory Auditors' report on the regulated agreements and undertakings, you are asked to approve, in accordance with Article L. 225-42-1 of the French Code of commerce, the undertakings made during the past fiscal year in favor of Mr. Patrick Koller in his capacity as Chief Executive Officer:

- a defined contribution pension scheme (Article 83 of the General French Tax Code) and a defined benefits pension scheme (Article 39 of the General French Tax Code) established for the whole Group in France and authorized by a decision of the Board of Directors on April 13, 2016, and July 25, 2016, and, in accordance with a decision by this last Board meeting, subject to a performance condition specific to Mr. Patrick Koller for the defined benefits pension scheme;
- an additional specific defined benefit pension scheme (Article 39 of the General French Tax Code) in favor of the members of Faurecia's Executive Committee, authorized for Mr. Patrick Koller in his capacity as Chief Executive Officer, by a decision of the Board of Directors on July 25, 2016;
- a termination payment authorized and subject to performance conditions in accordance with the Board of Directors' decision of July 25, 2016.



1.4 Principles and criteria for determining, allocating and awarding compensation to the executive and non-executive corporate officers (6th and 7th resolutions)

The principles and criteria for determining, allocating and awarding compensation to the executive and non-executive corporate officers as required by paragraph 1 of Article L. 225-37-2 of the French Code of commerce derived from French Law No. 2016-1691 of December 9, 2016, on transparency, anti-corruption measures and the modernization of the economy are described below; these paragraphs constitute the report referred to in the aforementioned Article presenting the sixth and seventh resolutions for the Chairman of the Board of Directors and the Chief Executive Officer respectively.

In this regard, Faurecia's Board of Directors, acting on the recommendations of the Governance Committee for the Chairman of the Board of Directors and on the recommendations of the Management committee for the Chief Executive Officer, with both committees being comprised of a majority of independent Board members, ensures the enforcement of the principles of the AFEP-MEDEF Corporate Governance Code of listed corporations regarding the determination of the compensation of executive and non-executive corporate officers of companies whose securities are traded on a regulated market.

Under these circumstances, upon the separation of the functions of the Chairman and the Chief Executive Officer that took effect on July 1, 2016, the Board of Directors reexamined the compensation of the Company's executive and non-executive corporate officers in their entirety.

PRINCIPLES AND CRITERIA FOR DETERMINING, ALLOCATING AND AWARDING THE COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS (6th RESOLUTION)

In accordance with the AFEP-MEDEF Code, the Board of Directors ensures in particular that the compensation of the Chairman of the Board of Directors is adapted to the missions given, consistent with good market practices and aligned with the interests of all stakeholders in the Company's business.

On this basis and within the context of the separation of the functions of the Chairman and the Chief Executive Officer that took effect on July 1, 2016, the Board of Directors, on the recommendations of the Governance Committee, decided that the annual fixed compensation is the only element of the compensation of the Chairman of the Board of Directors, with the exclusion of any other compensation.

Hence the Chairman of the Board of Directors does not receive any variable compensation, termination payment or non-competition indemnity, nor does he collect attendance fees. Moreover, the Board of Directors does not plan to pay any exceptional compensation.

The Board of Directors has not set any rules regarding the frequency of review of the fixed compensation of the Chairman of the Board of Directors; however, it is understood that in practice the Board of Directors reviews this compensation annually.

To do this, the Board of Directors refers to a comparative compensation analysis prepared by an outside consultant based on a sample of French listed companies that have a separated governance structure, and it takes into account the current Chairman's profile and his role as it appears in the Board of Directors' internal rules and that is described as follows:

"The Chairman organizes and directs the work of the Board of Directors and ensures the effective operation of the Board and its committees, in accordance with good governance principles.

The Chairman must:

- *promote the highest standards of integrity, probity and corporate governance across the Group, particularly at the Board level, thus ensuring the effectiveness thereof;*
- *manage the relations between Board members and the Chairs of the committees and, in this respect:*
 - *promote effective working relations and open communication, and foster an environment that enables constructive discussions and the sharing of information between Board members and the Chief Executive Officer, during and outside meetings,*
 - *lead and govern the Board so as to create the conditions required for the overall effectiveness of the Board and its members, and ensure that all key and relevant issues are adequately prepared and discussed by the Board of Directors and the various committees in a timely fashion,*
 - *schedule and set the agenda of the Board meetings, in consultation with the Chief Executive Officer and the Secretary of the Board, to take full account of the Group's major challenges and issues raised by Board members, and ensure that sufficient time is devoted to thoroughly discuss significant and strategic matters,*
 - *address any conflicts of interest,*
 - *conduct, with the help of the Governance Committee, assessments of the Board of Directors, searches for new Board members and their induction program;*
- *organize, with the Chief Executive Officer and the Chairs of the various committees, the preparation of and chair Annual Shareholders' Meetings, oversee the relations and ensure effective communication with shareholders;*
- *manage the relation with the Chief Executive Officer:*
 - *act as a competent advisor for the Chief Executive Officer on all issues regarding the interests and management of the Company,*
 - *ensure that the strategies and policies adopted by the Board are effectively implemented by the Chief Executive Officer; without prejudice to the prerogatives of the Board of Directors and its committees, the Chairman is regularly*

provided information by the Chief Executive Officer about significant events concerning the Company's strategy, in line with the objectives set by the Board of Directors, as well as about major external growth projects, significant financial transactions, societal actions, or appointments of Business Group managers and other key positions within the Company. The Chairman receives from the Chief Executive Officer all information necessary to coordinate the work of the Board of Directors and its committees;

- *coordinate or conduct specific projects. In particular, at the request of the Chief Executive Officer, the Chairman may represent the Company before stakeholders, public authorities, financial institutions, major shareholders and/or key business partners."*

PRINCIPLES AND CRITERIA FOR DETERMINING, ALLOCATING AND AWARDING THE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER (7th RESOLUTION)

In accordance with the principles of the AFEP-MEDEF Corporate Governance Code of listed corporations, the Board of Directors makes sure to structure the various elements of the compensation of the Chief Executive Officer, who is not an employee, so as to view his actions on a long-term basis and enable an alignment of his interests with the interests of the Company and its shareholders.

On this basis and as part of the separation of the functions of the Chairman and Chief Executive Officer, which took effect on July 1, 2016, the Board of Directors, on the recommendations of the Management Committee, decided that the Chief Executive Officer's compensation would be structured as follows:

Compensation

The Chief Executive Officer's compensation is based on three main components, among which the variable portion is predominant, and the Board of Directors does not anticipate the payment of an exceptional compensation:

- fixed compensation:

The Board of Directors has not set any rules regarding the frequency of review of the fixed compensation of the Chief Executive Officer; however, it is understood that in practice the Board of Directors reviews this compensation annually.

To do this, the Board of Directors refers to a comparative compensation analysis prepared by an outside consultant based on a set of twenty comparable French manufacturers;

- annual variable compensation:

For annual variable compensation, the performance conditions incorporate quantitative targets, which are predominant, and qualitative targets that may increase or reduce the variable compensation, it being understood that the award of variable compensation subject to performance conditions is not reserved solely for the Chief Executive Officer.

Therefore, the Chief Executive Officer's variable compensation may range from 0% to 180% of his annual fixed compensation depending on the achievement of the quantitative and qualitative targets:

- the quantitative targets entitle the Chief Executive Officer to variable compensation ranging from 0% to 150% of the annual fixed compensation.

These quantitative targets are connected to operating income and free cash flow:

- the Chief Executive Officer is entitled to variable compensation of between 0% and 150% (maximum percentage) of his fixed annual compensation, depending on the operating income set with reference to the budget for a given year, being understood that achievement of budget means the target being realized at 100%. Operating income accounts for 40%,

- the Chief Executive Officer is entitled to variable compensation of between 0% and 150% (maximum percentage) of his fixed annual compensation, depending on the free cash flow set with reference to the budget for a given year, being understood that achievement of budget means the target being realized at 100%. Free cash flow accounts for 60%.

The expected levels of achievement of these targets are set by the Board of Directors with reference to the budget for a given year but are not made public for confidentiality reasons,

- the quantitative targets are set each year by the Board of Directors. They cover strategic objectives, business development objectives and/or managerial objectives, each one is weighted and when possible they are associated with quantitative indicators.

If some or all of these quantitative targets are met, the qualitative targets met are used to determine a multiplier of the quantitative targets of between 0.70 and 1.20. If the achievement of the quantitative targets is equal to 0, the multiplier effect of the qualitative targets will not be taken into account.

It must be noted that in accordance with paragraph 2 of Article L. 225-37-2 of the French Code of commerce, the payment of the variable compensation elements outlined above depends on the approval of the Ordinary General Meeting approving the compensation elements in question for the fiscal year ending December 31, 2017, under the terms and conditions stipulated by Article L. 225-100 of said Code;

- long-term variable compensation (performance shares):

The Chief Executive Officer is a beneficiary of the performance share plans established by the Company which are subject to performance conditions and a presence condition identical to those set for all beneficiaries of the plans (namely, members of the Senior Management, of whom there are approximately 300). At the end of the grant period of each plan, the Chief Executive Officer must hold a minimum percentage, which is determined by the Board of Directors, of shares that are allocated under the plan in question, until the end of his term as Chief Executive Officer.



The Company's policy in this regard is based on simple, transparent, enduring principles. Thus:

- performance shares have been allocated annually since 2010 at the same periods, involving, since that year, an internal performance condition and a presence condition applicable to all French and foreign beneficiaries of the plans,
- since 2013, the conditions have also included an external performance condition applicable to all French and foreign beneficiaries of the plans,
- since 2013, the vesting period applicable to the plans has been four years as from their allocation date for all French and foreign beneficiaries; the plans comprise no holding period,
- the number of shares that may be granted to the beneficiary under each plan is determined using an external benchmark from which are deduced a minimum number of shares (50%) and a maximum number (130%). In all cases, the final allocation depends on the fulfillment of performance and presence conditions.

The performance conditions are the following:

- 60% fulfillment of an internal performance condition related since 2016 to the Group net income after tax (before 2016, Group net income before tax), before taking into account any exceptional events. This internal condition is assessed by comparing the net result of the third fiscal year after the allocation date of the performance shares against the one as forecasted in the Group's medium-term plan reviewed and approved by the Board of Directors on the allocation date of the performance shares, and

- 40% fulfillment of an external performance condition, i.e., growth of the Company's net earnings per share assessed between the last fiscal year before the allocation date of the performance shares and the third fiscal year ended after the allocation date of the performance shares. This condition is assessed against the weighted growth of a reference group made up of twelve comparable international automotive equipment suppliers over the same period.

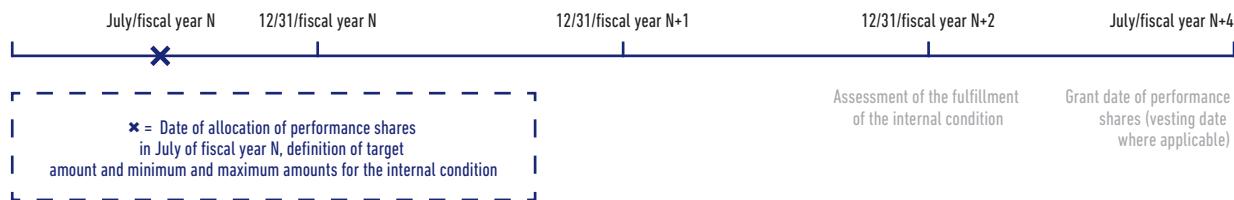
The reference group is made up of the following European and North American automotive equipment suppliers:

- Autoliv (Sweden)
- Autoneum (formerly Rieter) (Switzerland)
- Borg Warner (United States)
- Continental (Germany)
- Delphi (United States)
- GKN (United Kingdom)
- Adient (United States)
- Lear (United States)
- Magna (Canada)
- Plastic Omnium (France)
- Tenneco (United States)
- Valeo (France)

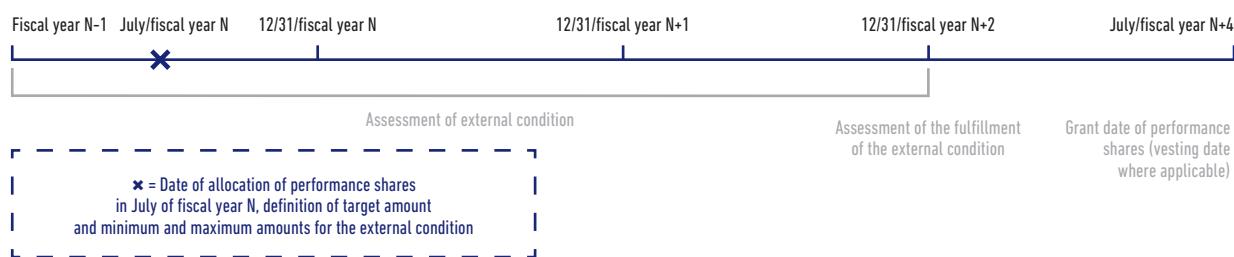
This group generally remains stable but may be modified in the event of a major change concerning one of its members.

The plans are constructed as follows:

INTERNAL CONDITION (NET INCOME)



EXTERNAL CONDITION (NET EARNINGS PER SHARE)



The Company's long-term compensation practices are reexamined on a regular basis to ensure their compliance with good market practices.

Pension

The Board of Directors also decided to grant to the Chief Executive Officer the same pension scheme as for the members of the Executive Committee.

This scheme is made of an additional defined contribution pension scheme available to all Group managerial staff in France and an additional defined benefits pension scheme.

In accordance with French law, this additional defined benefits pension scheme is subject to performance conditions.

The Board of Directors has also decided that the annual amount of the total pension annuity paid to the Chief Executive Officer in accordance with the compulsory and additional Group schemes may not exceed 45% of his reference compensation, defined as being equal to the annual average of the total gross compensation collected within the Company during the three calendar years preceding the termination of service or departure from the Executive Committee.

In this regard, the total annual gross compensation includes the annual base compensation and all bonuses and variable

elements of compensation pertaining to the three calendar years preceding the date of the termination of service, aside from any severance packages, exceptional compensation, sums granted under plans such as performance shares plans, benefits in kind and reimbursement of business expenses, contributions paid by the Company to fund additional pension schemes and personal risk insurance and any other allowances paid by the Company.

Additional defined contribution pension scheme:

The Chief Executive Officer is a beneficiary of the defined contribution pension scheme (Article 83 of the General French Tax Code), which is available to all Group managerial staff in France who have completed at least one year of service at the time of their retirement.

This scheme applies to the A and B brackets, amounting to 1% for the A bracket and 6% for the B bracket of the pay without the beneficiary's participation.

Additional defined benefits pension scheme (Article 39 of the General French Tax Code) subject to performance conditions:

The Chief Executive Officer is eligible for an additional defined benefits pension scheme that includes two parts:

- a part that is available, subject to eligibility conditions, to all Group managerial staff in France who have at least five years' seniority upon their retirement.



Benefits are calculated solely on the basis of bracket C and potential rights increase each year by 1% of this bracket being understood that the reference compensation taken into account upon retirement is the average of the annual compensation collected during the preceding three years in bracket C.

With regard to the Chief Executive Officer, the benefit of this scheme is backed up by the following performance condition, which is tied to his annual variable compensation:

- in case of 80% or greater achievement of the annual variable compensation targets, a 1% increase in potential rights (restricted to bracket C of the compensation) will be granted for the fiscal year in question;
- in case of 80% or lower achievement of the annual variable compensation targets, the increase in rights will be reduced proportionally to the achievement of the targets (e.g., a target that is 30% achieved will result in a 0.30% increase in potential rights);
- an additional part decided by the Board of Directors of February 11, 2015, in favor of Faurecia's Executive Committee members holding an employment contract (current or suspended) or a term of office in France, who have been on the Executive Committee for a minimum term of three calendar years as of the implementation of this scheme or accession to the Executive Committee.

The Company guarantees French beneficiaries an annual annuity level determined according to the Company's operating income, in relation to the budget, as approved by the Board of Directors based on the formula:

$$\sum X_i * R$$

R = annual reference compensation (as defined in the preamble in the paragraph "Pension")

X_i = entitlement for each year of seniority (i) equal to:

- 3% if the operating income for the year is strictly more than 105% of the budgeted operating income,
- 2% if the operating income for the year is between 95% and 105% of the budgeted operating income,
- 1% if the operating income for the year is strictly less than 95% of the budgeted operating income.

The operating income for year N is defined based on the income statement as of 12/31/N approved by the Board of Directors in year N+1 and the initial budget for year N approved by the Board of Directors in year N-1.

Each year, the Board of Directors therefore decides how much should be granted, following approval of the financial statements.

In any event, on retirement, the annual pension paid under this plan plus any rights granted by other supplementary plans implemented by the Faurecia group are subject to two limits in addition to the 45% limit referred to in preamble:

- the sums paid by the Group must not exceed 25% of the reference compensation,
- the sums paid by the Group are capped at 8 times the annual social security limit.

Should either of these limits be exceeded, the relevant pension will be reduced accordingly.

Termination payment

The Chief Executive Officer is also the beneficiary of a termination payment, the Board of Directors having decided that the CEO can not be an employee and as a consequence can not enjoy the protective regime attached to such status.

This payment is backed by granting conditions in accordance with the AFEP-MEDEF Code:

- the payment is due in case of termination of the Chief Executive Officer's term of office on the Company's initiative, subject to his not being terminated due to willful misconduct or gross negligence;
- the payment is not due in case of resignation or retirement;
- the payment is subject to the achievement of the following performance conditions:
 - achievement of a positive operating income during each of the three fiscal years preceding the termination of the Chief Executive Officer's term of office,
 - achievement of a positive net cash flow during each of the three fiscal years preceding the termination of the Chief Executive Officer's term of office;
- the amount of the payment is equal to 24 months of the reference salary (fixed compensation and variable target-based compensation) insofar as both of the conditions described above are met during each of the three fiscal years in question; in practice, this is equal to the fulfillment of six criteria;
- should one of the six criteria not be met, the termination payment is reduced proportionally by 1/6 and may equal to 0 should none of these six criteria be fulfilled;
- should the Chief Executive Officer's term of office be shorter than three years, the method of calculating the termination payment is identical, but the number of criteria is adjusted to take into account the actual length of the term of office.

Finally, the Chief Executive Officer is eligible for a company car and the medical/life/disability insurance scheme established within the Company.

1.5 Elements of compensation due or granted for the fiscal year ended to the executive and non-executive corporate officers (8th to 11th resolutions)

The elements of compensation due or granted for the fiscal year ended December 31, 2016, to Mr. Yann Delabrière as Chairman and Chief Executive Officer until June 30, 2016, and Chairman of the Board of Directors beginning July 1, 2016, and to Mr. Patrick Koller as Deputy Chief Executive Officer until June 30, 2016, and Chief Executive Officer beginning July 1, 2016, and that are subject to the opinion of the shareholders in accordance with the terms and conditions of paragraph 26.2 of the AFEP-MEDEF Code are outlined in the following resolutions:

- eighth resolution: elements of compensation due or granted for the fiscal year ended December 31, 2016, to Mr. Yann Delabrière in his capacity as Chairman and Chief Executive Officer until June 30, 2016;
- ninth resolution: elements of compensation due or granted for the fiscal year ended December 31, 2016, to Mr. Yann Delabrière in his capacity as Chairman of the Board of Directors beginning July 1, 2016;

The elements of compensation due or granted for the fiscal year ended December 31, 2016, to Mr. Yann Delabrière in his capacity as Chairman and Chief Executive Officer until June 30, 2016 and that are submitted to the shareholders for their opinion in the eighth resolution are set out in the table below:

Elements of compensation due or granted up to June 30, 2016, for the fiscal year ended December 31, 2016

Elements of compensation due or granted up to June 30, 2016, for the fiscal year ended December 31, 2016	Amounts	Presentation
Fixed compensation	€400,000 (amount paid for the period from January 1, to June 30, 2016)	<p>By the Board of Directors' decision of February 11, 2015, the annual fixed compensation of Mr. Yann Delabrière as Chairman and Chief Executive Officer was increased to €800,000 as of fiscal year 2015, and it was maintained at that amount by the Board of Directors' decision of February 10, 2016.</p> <p>The 2015 increase from €700,000 to €800,000 was decided upon the following grounds:</p> <ul style="list-style-type: none"> • a review of the situation of a representative sample of listed manufacturers comparable to Faurecia revealed a significant discrepancy (more than 10%) compared to the fixed compensation paid to Mr. Delabrière; • Mr. Yann Delabrière's fixed compensation had remained unchanged since 2011, and; • the 2014 financial results reflected the implementation of a medium- and long-term strategy for Faurecia and a structure that suits this strategy.



**Elements of compensation due
or granted up to June 30, 2016,
for the fiscal year ended
December 31, 2016**

Elements of compensation due or granted up to June 30, 2016, for the fiscal year ended December 31, 2016	Amounts	Presentation
Annual variable compensation	€617,760 (amount due for the period from January 1, to June 30, 2016)	<p>At its meeting of February 10, 2016, the Board of Directors set the rules for determining Mr. Yann Delabrière's variable compensation for 2016 as Chairman and Chief Executive Officer.</p> <p>The Board decided that Mr. Yann Delabrière's variable compensation may range from 0% to 180% of his annual fixed compensation depending on the achievement of quantitative and qualitative targets.</p> <p>The achievement of the following quantitative targets entitles him to a variable compensation ranging from 0% to 150% of his annual fixed compensation:</p> <ul style="list-style-type: none"> • 40% of his variable compensation is based on operating income set by reference to the 2016 budget; • 60% is based on the free cash flow set by reference to the 2016 budget. <p>On the recommendation of the Management Committee on February 1, 2017, the Board of Directors meeting of February 8, 2017, reviewed the extent to which these quantitative criteria had been met:</p> <ul style="list-style-type: none"> • as regards the operating income, the Board of Directors formally noted that 141% of this initial quantitative target had been achieved; • as regards free cash flow, the Board of Directors formally noted that 140% of this second quantitative target had been achieved. <p>As a result of these two achievements, 140.4% of targets according to the scale adopted by the Board of Directors were reached; this entitles to quantitative variable compensation of €561,600 before the achievement of qualitative targets is reviewed.</p> <p>On February 8, 2017, the Board of Directors then reviewed the achievement of the qualitative targets set by the Board on February 10, 2016, which, if some or all of these targets are met, are used to determine a multiplier of the quantitative targets of between 0.70 and 1.20. If the achievement of the quantitative targets is equal to 0, the multiplier effect of the qualitative targets will not be taken into account. Therefore:</p> <ul style="list-style-type: none"> • as regards the execution of the strategy decided upon by the Board of Directors in October 2015 (50% weighting for this criterion) i.e. ensuring the development of Faurecia's technological capacities through a combination of organic and external growth; selecting and finalizing potential acquisitions ensuring increased technological capacity and creating value for shareholders; increasing investment in start-ups, the Board of Directors of February 8, 2017, highlighted the 2016 achievements especially the creation of a team dedicated to the Cockpit of the Future project and the launch of pre-development activities with four customers; the materialization of investments with the announcement of a strategic partnership with Parrot Automotive, the acquisition of a majority interest in Amminex and investments in various start-ups, including the Finnish company Tactotek. <p>The Board of Directors considered that 100% of this criterion has been met;</p>

**Elements of compensation due
or granted up to June 30, 2016,
for the fiscal year ended
December 31, 2016**

	Amounts	Presentation
		<ul style="list-style-type: none"> as regards the execution of the development plans for Asia as presented to the Board of Directors at its December 2015 meeting (50% weighting for this criterion being associated with key indicators in relation, in particular, to levels of achievement of operating income and sales) i.e. adjusting Faurecia in China to so-called New Normal conditions with a cost structure compatible with the cost positioning of Chinese OEMs, fulfilling the ambitions of international OEMs; securing long-term profitability; developing partnerships with four major Chinese OEMs; rolling out a new method of organization in South Korea and business activities with HKMC; defining and executing the strategy in Japan and in South-East Asia, the Board of Directors of February 8, 2017, formally noted the sharp rise in business in South Korea, the introduction of a new method of organization in Japan, the implementation of so-called New Normal conditions for the three Business Groups in China as well as the amount of new contracts with Chinese OEMs and levels of operating income in Asia that were higher than the targets. <p>The Board of Directors considered that 120% of this criterion has been met.</p> <p>As a result, the Board of Directors considered that the standard achieved in relation to these two qualitative targets was such that a multiplier of 1.10 should apply to the two quantitative targets.</p> <p>On this basis, at its February 8, 2017, meeting, the Board of Directors determined a variable compensation for Mr. Yann Delabrière in his role of Chairman and Chief Executive Officer until June 30, 2016, for the period from January 1 to June 30, 2016, equal to €400,000 x 100% x 140.4% x 1.10, i.e., a sum of €617,760, which corresponds to 154.44% of his fixed compensation collected for 2016 as Chairman and Chief Executive Officer.</p>
Multi-annual variable compensation in cash	Not applicable	No multi-annual variable compensation in cash
Stock options, performance shares or other equity-based awards	Options = not applicable Performance shares = not applicable Other equity-based awards = not applicable	No stock subscription or purchase options allotted No performance share awards No other equity-based awards
Exceptional compensation	Not applicable	No exceptional compensation
Attendance fees	Not applicable	Mr. Yann Delabrière does not receive any attendance fees
Valuation of all benefits	€3,685.80 (accounting valuation)	Company car



Elements of compensation due or granted for the fiscal year ended December 31, 2016 voted by shareholders at the General Meeting in connection with the procedure applicable to regulated agreements and undertakings

Elements of compensation due or granted for the fiscal year ended December 31, 2016 voted by shareholders at the General Meeting in connection with the procedure applicable to regulated agreements and undertakings	Amounts	Presentation
Termination payment	Not applicable	No termination payment
Non-competition indemnity	Not applicable	No non-competition indemnity
Additional defined contribution pension scheme (Article 83 of the General French Tax Code) and additional defined benefit pension scheme (Article 39 of the General French Tax Code)	Cf. description opposite	<p>Defined contribution scheme:</p> <ul style="list-style-type: none"> • defined contribution scheme on the A and B brackets, amounting to 1% for the A bracket and 6% for the B bracket of the compensation without the beneficiary's participation; • contributions paid by the Company through June 30, 2016: €3,668.52. <p>Defined benefit scheme:</p> <ul style="list-style-type: none"> • progressive increase in potential rights in relation to seniority and compensation: potential rights increase each year by 1% in bracket C; • reference period taken into account to calculate benefits: seniority as from March 1, 1990; • reference income and maximum percentage of income permitted under the supplementary pension scheme: the reference income taken into account is the average of the annual compensation collected during the last three years; benefits are calculated only on the C bracket (between four and eight times the annual social security ceiling, i.e., €154,464 in 2016). The maximum percentage is 70% of the reference income, taking retirement age into consideration. <p>These two schemes are available to all Group managerial staff who, upon their retirement, have at least five years' seniority (defined benefit scheme) or at least one year's seniority (defined contribution scheme). The above defined benefit scheme, of which Mr. Delabrière is a beneficiary, was authorized by the Board of Directors on February 11, 2014, and by shareholders at their General Meeting of May 27, 2014 (4th resolution adopted in ordinary session).</p> <p>Mr. Delabrière exercised his rights to retirement on July 1, 2016. At Mr. Yann Delabrière's request, the capital of €88,797.34 for the annuity linked to the defined contribution scheme was paid into an individual pension savings plan (PERP).</p> <p>The capital for the annuity linked to the defined benefit scheme was €1,114,468.89, and in accordance with his chosen payment option, Mr. Yann Delabrière received a gross total of €31,716.20 during the second semester of 2016.</p>

The elements of compensation due or granted for the fiscal year ended December 31, 2016, to Mr. Yann Delabrière as Chairman of the Board of Directors as of July 1, 2016 and that are submitted to the shareholders for their opinion in accordance with the ninth resolution appear in the table below:

Elements of compensation due or granted as of July 1, 2016, for the fiscal year ended on December 31, 2016

	Amounts	Presentation
Fixed compensation	€150,000 (amount paid for the period from July 1 to December 31, 2016)	The annual fixed compensation of Mr. Yann Delabrière as Chairman of the Board of Directors was set at €300,000 as of July 1, 2016, by a decision of the Board of Directors on July 25, 2016. This compensation was established with reference to a comparative compensation analysis prepared by an outside consultant based on a sample of French listed companies with a separated governance structure, and by taking into account Mr. Yann Delabrière's responsibilities as Chairman of the Board of Directors.
Annual variable compensation	Not applicable	No multi-annual variable compensation
Multi-annual variable compensation in cash	Not applicable	No multi-annual variable compensation in cash
Stock options, performance shares or other equity-based awards	Options = not applicable performance shares = Not applicable Other equity-based awards = not applicable	No stock subscription or purchase options allotted No performance share awards No other equity-based awards
Exceptional compensation	Not applicable	No exceptional compensation
Attendance fees	Not applicable	Mr. Yann Delabrière does not receive any attendance fees
Valuation of all benefits	€3,685.80 (accounting valuation)	Company car

Elements of compensation due or granted for the fiscal year ended December 31, 2016, voted by shareholders at the General Meeting in connection with the procedure applicable to regulated agreements and undertakings

	Amounts	Presentation
Termination payment	Not applicable	No termination payment
Non-competition indemnity	Not applicable	No non-competition indemnity
Additional defined contribution pension scheme (Article 83 of the General French Tax Code) and additional defined benefit pension scheme (Article 39 of the General French Tax Code)	Not applicable	Mr. Delabrière exercised his rights to retirement on July 1, 2016



The elements of compensation due or granted for the fiscal year ended December 31, 2016 to Mr. Patrick Koller in his capacity as Deputy Chief Executive Officer until June 30, 2016 and that are submitted to the shareholders for their opinion in the tenth resolution are set out in the table below:

**Components of compensation due
or granted up to June 30, 2016,
for the fiscal year ended**

December 31, 2016	Amounts	Presentation
Fixed compensation	€310,000 (amount paid for the period from January 1, to June 30, 2016)	Mr. Patrick Koller's annual fixed compensation as Deputy Chief Executive Officer was set at €620,000 by the Board of Directors at its meetings of December 9, 2014 and February 11, 2015. This compensation was set in reference to a comparison of compensation prepared by an outside consultant based on a set of twenty French manufacturers.
Annual variable compensation	€383,011.20 (amount due for the period from January 1, to June 30, 2016)	At its meeting of February 10, 2016, the Board of Directors set the rules for determining Mr. Patrick Koller's variable compensation for 2016 as Deputy Chief Executive Officer. The Board decided that Mr. Patrick Koller's variable compensation may range from 0% to 144% of his annual fixed compensation depending on the achievement of quantitative and qualitative targets. The achievement of the following quantitative targets entitles him to variable compensation ranging from 0 to 150% of 80% of his annual fixed compensation: <ul style="list-style-type: none">• 40% of his variable compensation is based on operating income set by reference to the 2016 budget;• 60% is based on the free cash flow set by reference to the 2016 budget. On the recommendation of the Management Committee on February 1, 2017, the Board of Directors meeting of February 8, 2017, reviewed the extent to which these quantitative criteria had been met: <ul style="list-style-type: none">• as regards the operating income, the Board of Directors formally noted that 141% of this initial quantitative objective had been reached;• as regards free cash flow, the Board of Directors formally noted that 140% of this second quantitative objective had been reached. As a result of these two achievements, 140.4% of targets according to the scale adopted by the Board of Directors were reached: this entitles to quantitative variable compensation of €348,192 before the achievement of qualitative targets is reviewed. At its meeting on February 8, 2017, the Board of Directors then reviewed the achievement of the qualitative targets set by the Board of Directors on February 10, 2016 which, if some or all of these targets are met, determines a multiplier effect of the qualitative targets of between 0.70 and 1.20. If the achievement of the quantitative targets is equal to 0, the multiplier effect of the qualitative targets will not be taken into account. Thus: <ul style="list-style-type: none">• as regards the execution of the strategy decided upon by the Board of Directors in October 2015 (25% weighting for this criterion) i.e. ensuring the development of Faurecia's technological capacities through a combination of organic and external growth; selecting and finalizing potential acquisitions ensuring increased technological capacity and creating value for shareholders; increasing investment in start-ups, the Board of Directors of February 8, 2017, highlighted the 2016 achievements especially the creation of a team dedicated to the Cockpit of the Future project and the launch of pre-development activities with four customers; the materialization of investments with the announcement of a strategic partnership with Parrot Automotive, the acquisition of a majority interest in Amminex and investments in various start-ups, including the Finnish company Tactotek. The Board of Directors considered that 100% of this criterion has been met.

**Components of compensation due
or granted up to June 30, 2016,
for the fiscal year ended
December 31, 2016**

Amounts	Presentation
	<ul style="list-style-type: none"> • as regards the execution of the development plans for Asia as presented to the Board of Directors at its December 2015 meeting (25% weighting for this criterion being associated with key indicators in relation, in particular, to levels of achievement of operating income and sales) i.e. adjusting Faurecia in China to so-called New Normal conditions with a cost structure compatible with the cost positioning of Chinese OEMs, fulfilling the ambitions of international OEMs; securing long-term profitability; developing partnerships with four major Chinese OEMs; rolling out a new method of organization in South Korea and business activities with HKMC; defining and executing the strategy in Japan and in South-East Asia, the Board of Directors of February 8, 2017, formally noted the sharp rise in business in South Korea, the introduction of a new method of organization in Japan, the implementation of so-called New Normal conditions for the three Business Groups in China as well as the amount of new contracts with Chinese OEMs and levels of operating income in Asia that were higher than the targets. The Board of Directors considered that 120% of this criterion has been met. • as regards the introduction of a simplified and more flexible method of organization, as presented to the Board of Directors at their December 2015 meeting, consisting of the roll out of an approach known as the Lean Functions approach within Faurecia (25% weighting for this criterion) i.e. optimization of functions to achieve internal and external benchmarks, the Board of Directors of February 8, 2017, formally noted that this target had, in particular, been reflected by strong measures to optimize functions as well as in the definition of new initiatives followed by the launch of the first actions within the field of the digitalization of operations and the efficiency of R&D. The Board of Directors considered that 100% of this criterion has been met. • as regards the preparation of a development and succession plan for the executive team (25% weighted on this criterion) i.e. appraising the current executive team; identifying development needs; developing succession plans, the Board of Directors of February 8, 2017 noted that the development and succession plan for the executive team had been defined and presented to the newly created Management Committee. The Board of Directors considered that 120% of this criterion has been met. As a result, the Board of Directors considered that the standard achieved in relation to these four qualitative targets was such that a multiplier of 1.10 should apply to the two quantitative targets. On this basis, at its meeting on February 8, 2017, the Board of Directors decided that for the period from January 1, to June 30, 2016, Mr. Patrick Koller, acting as Deputy Chief Executive Officer, should receive variable compensation for the period up until June 30, 2016, of $\text{€}310,000 \times 80\% \times 140.4\% \times 1.10$, i.e. the sum of $\text{€}383,011.20$ corresponding to 154.4% of 80% of his fixed compensation for 2016 as Deputy Chief Executive Officer.
Multi-annual variable compensation in cash	Not applicable No multi-annual variable compensation in cash



Components of compensation due or granted up to June 30, 2016, for the fiscal year ended December 31, 2016

	Amounts	Presentation
Stock options, performance shares or other equity-based awards	Options = not applicable	No stock subscription or purchase options allotted
	Performance shares = not applicable	No performance share awards
	Other equity-based awards = not applicable	No other equity-based awards
Exceptional compensation	Not applicable	No exceptional compensation
Attendance fees	Not applicable	As Mr. Patrick Koller is not a Board member, he received no attendance fees
Valuation of all benefits	€10,256.94 (accounting valuation)	Company car (€4,174.86) and managers' social security contribution paid by the Company (€6,082.08 corresponding to the contribution paid by the Company from January 1, to June 30, 2016)

Components of compensation due or granted for the fiscal year ended December 31, 2016 voted by shareholders at a General Meeting in connection with the procedure applicable to regulated agreements and undertakings

	Amounts	Presentation
Termination payment	Not applicable	No termination payment
Non-competition indemnity	Not applicable	No non-competition indemnity
Additional defined contribution pension scheme (Article 83 of the General French Tax Code) and additional defined benefit pension scheme (Article 39 of the General French Tax Code)	No payment made during the fiscal year	<p>Defined-contribution scheme:</p> <ul style="list-style-type: none"> • defined contribution scheme on the A and B brackets, amounting to 1% for the A bracket and 6% for the B bracket of the compensation without the beneficiary's participation; • contributions paid by the Company in 2016: €7,337.06; • estimated annual pension as of December 31, 2016: €2,724. <p>Defined benefit scheme:</p> <ul style="list-style-type: none"> • progressive increase in potential rights in relation to seniority and compensation: potential rights increase each year by 1% in bracket C; • reference period taken into account to calculate benefits: seniority as from December 18, 2006; • reference income and maximum percentage of income permitted under the supplementary pension scheme: the reference income taken into account is the average annual compensation received over the last three years; benefits are calculated solely with regard to bracket C (between four and eight times the annual social security limit i.e. €154,464) and potential individual rights amount to an annual pension of €15,227 (as of December 31, 2016), i.e., 1% of reference income (bracket C). The maximum percentage is between 65 and 70% of the reference income, taking retirement age into consideration. <p>These two schemes are open to all Group executives who, upon their retirement, have at least five years' seniority (defined benefit scheme) or at least one year's seniority (defined contribution scheme).</p> <p>The above plan, of which Mr. Patrick Koller is a beneficiary, was duly authorized by Board of Directors' decisions on April 13, 2016 and July 25, 2016, and will be put to shareholders for approval at the General Meeting of May 30, 2017 (5th resolution to be adopted in ordinary session).</p>

Components of compensation due or granted for the fiscal year ended December 31, 2016 voted by shareholders at a General Meeting in connection with the procedure applicable to regulated agreements and undertakings

Components of compensation due or granted for the fiscal year ended December 31, 2016 voted by shareholders at a General Meeting in connection with the procedure applicable to regulated agreements and undertakings	Amounts	Presentation
Additional defined benefit pension scheme (Article 39 of the French General Tax Code.)	No payment made during the fiscal year	<p>This scheme benefits Faurecia's Executive Committee members holding an employment contract (current or suspended) or a term of office in France, having been on the Executive Committee for a minimum term of three consecutive calendar years as of the implementation of this scheme or accession to the Executive Committee.</p> <p>Mr. Patrick Koller is potentially entitled to the following individual rights as of December 31, 2016:</p> <ul style="list-style-type: none"> • reference compensation as of December 31, 2016: €1,469,290; • potential annual entitlement for 2016: 3%; • total potential annual entitlement as of December 31, 2016: 6%; • maximum potential entitlement (all Faurecia plans): 25%, combined with eight times the annual social security limit (€308,928 in 2016); • seniority requirements: three calendar years on the Executive Committee as of January 1, 2015; • estimated annual pension as of December 31, 2016: €88,157. <p>The above plan, of which Mr. Patrick Koller is a beneficiary, was authorized by the Board of Directors on February 11, 2015 and was put to shareholders for approval at their General Meeting of May 27, 2016 (4th resolution adopted in ordinary session).</p>

The elements of compensation due or granted for the fiscal year ended December 31, 2016 to Mr. Patrick Koller in his capacity as Chief Executive Officer as of July 1, 2016 and that are submitted to the shareholders for their opinion in the eleventh resolution are set out in the table below:

Elements of compensation due or granted as of July 1, 2016, for the fiscal year ended on December 31, 2016

Elements of compensation due or granted as of July 1, 2016, for the fiscal year ended on December 31, 2016	Amounts	Presentation
Fixed compensation	€375,000 (amount paid for the period from July 1, to December 31, 2016)	Mr. Patrick Koller's annual fixed compensation as Chief Executive Officer was set at €750,000 by the Board of Directors' decision of July 25, 2016. This compensation was established with reference to a compensation analysis conducted by an external consulting firm based on a group of 20 French industrial companies comparable to Faurecia.
Annual variable compensation	€579,150 (amount due for the period from July 1, to December 31, 2016)	<p>The Board of Directors' meeting of July 25, 2016, decided to keep the structure of Mr. Patrick Koller's variable compensation as Chief Executive Officer the same as it had been when he was Deputy Chief Executive Officer, both with regard to quantitative and qualitative targets which are unchanged, and with regard to the multiplier effect associated with said targets.</p> <p>The only change decided by the Board of Directors concerns the quantitative targets which now entitle Mr. Patrick Koller to variable compensation ranging from 0 to 150% of 100% of his fixed annual compensation.</p> <p>Therefore, for the second half of 2016, Mr. Patrick Koller's variable compensation may range from 0 to 180% of the fixed annual compensation that he received as of July 1, 2016.</p>



**Elements of compensation due
or granted as of July 1, 2016,
for the fiscal year ended
on December 31, 2016**

Amounts

Presentation

Annual variable compensation		<p>On this basis, on the recommendation of the Management Committee on February 1, 2017, the Board of Directors meeting of February 8, 2017, reviewed the extent to which the quantitative criteria had been met:</p> <ul style="list-style-type: none"> • as regards the operating income, the Board of Directors formally noted that 141% of this initial quantitative objective had been reached; • as regards free cash flow, the Board of Directors formally noted that 140% of this second quantitative objective had been reached. <p>As a result of these two achievements, 140.4% of targets according to the scale adopted by the Board of Directors were reached: this entitles to quantitative variable compensation of €526,500 before the achievement of qualitative targets is reviewed.</p> <p>The Board of Directors of February 8, 2017, then reviewed the achievement of the qualitative targets set by the Board of Directors on February 10, 2016:</p> <ul style="list-style-type: none"> • as regards the execution of the strategy, the Board of Directors considered that 100% of this criterion has been met; • as regards the execution of development plans for Asia, the Board of Directors considered that 120% of this criterion has been met; • as regards the introduction of a simplified and more flexible method of organization, the Board of Directors considered that 100% of this criterion has been met; and • as regards the preparation of the development and succession plan for the executive team, the Board of Directors considered that 120% of this criterion has been met. <p>As a result, the Board of Directors felt that the standard achieved in relation to these four qualitative targets was such that a multiplier of 1.10 should apply to the two quantitative targets.</p> <p>On this basis, at its meeting on February 8, 2017, the Board of Directors decided that for the period from July 1, to December 31, 2016, Mr. Patrick Koller, Chief Executive Officer, should receive variable compensation as of July 1, 2016, of $\text{€}375,000 \times 100\% \times 140.4\% \times 1.10$, i.e. the sum of €579,150 corresponding to 154.44% of the fixed compensation received for 2016 as Chief Executive Officer.</p>
Multi-annual variable compensation in cash	Not applicable	No multi-annual variable compensation in cash

Elements of compensation due or granted as of July 1, 2016, for the fiscal year ended on December 31, 2016

	Amounts	Presentation
Stock options, performance shares or other equity-based awards	Options = not applicable	No stock subscription or purchase options allotted
	Performance shares = €1,722,931 (accounting valuation)	At its meeting of July 25, 2016, the Board of Directors decided to allot up to 55,095 shares to Mr. Patrick Koller in the context of performance shares allotment plan number eight, based on the authorization granted by shareholders at their General Meeting of May 27, 2016 (thirteenth resolution adopted in extraordinary session). These 55,095 shares correspond to 0.04% of the capital as of December 31, 2016. The Board of Directors made the definitive acquisition of these shares contingent on the following: <ul style="list-style-type: none"> • 60% on an internal performance condition: Group net income after tax as of December 31, 2018, before taking into account capital gains from the disposal of assets and changes in the scope of consolidation, as approved by the Board of Directors, assessed against net income for the same fiscal year as it had been forecast in the Group's medium-term plan reviewed and set by the Board of Directors on the date the shares are allocated; and • 40% on an external condition: growth in Faurecia's net earnings per share between fiscal year 2015 and fiscal year 2018, assessed against the weighted growth over the same period of a reference group comprised of twelve comparable international automotive equipment suppliers. If these performance conditions laid down in plan number eight have been met in full at the end of the 2018 fiscal year, Mr. Patrick Koller will be granted the maximum 55,095 shares of which he will take ownership on July 25, 2020.
	Other equity-based awards = not applicable	No other equity-based awards
Exceptional compensation	Not applicable	No exceptional compensation
Attendance fees	Not applicable	Mr. Koller does not receive any attendance fees
Valuation of all benefits	€4,174.86 (accounting valuation)	Company car



Elements of compensation due or granted for the fiscal year ended December 31, 2016, voted by shareholders at the General Meeting in connection with the procedure applicable to regulated agreements and undertakings

	Amounts	Presentation
Termination payment	No payment made during the fiscal year	<p>At the proposal of the Appointments and Compensation Committee on July 20, 2016, the Board of Directors authorized, on July 25, 2016, the principle of a termination payment payable to Mr. Patrick Koller, in line with the procedure set out in Articles L. 225-38 et seq. of the French Code of commerce, meeting the following requirements:</p> <ul style="list-style-type: none"> • this payment will be due in case of termination of Mr. Patrick Koller's term of office as Chief Executive Officer, on Faurecia's initiative, subject to this termination not occurring due to Mr. Patrick Koller's willful misconduct or gross negligence; • this payment will not be due in case of resignation or retirement; • the remittance of this payment is subject to the achievement of the following performance conditions: <ul style="list-style-type: none"> a. achievement of a positive operating income during each of the three fiscal years preceding the termination of Mr. Patrick Koller's term of office as Chief Executive Officer, b. achievement of a positive net cash flow during each of the three fiscal years preceding the termination of Mr. Patrick Koller's term of office as Chief Executive Officer; • the amount of the payment will be equal to twenty-four months of the reference salary (fixed and variable target-based compensation) insofar as both of the conditions described above are met during each of the three fiscal years in question; in practice, this is equal to the fulfillment of six criteria; • should one of the six criteria not be met, the termination payment will be reduced proportionally by 1/6 and may equal 0 should none of these six criteria be fulfilled; • should Mr. Patrick Koller's term of office as Chief Executive Officer be shorter than three years, the method of calculating the termination payment will be identical, but the number of criteria will be adjusted to take into account the actual length of the term of office. <p>This payment for Mr. Patrick Koller, duly authorized by the Board of Directors' decision of July 25, 2016, will be put to shareholders for approval at the General Meeting on May 30, 2017 (fifth resolution to be adopted in ordinary session).</p>
Non-competition indemnity	Not applicable	No non-competition indemnity

Elements of compensation due or granted for the fiscal year ended December 31, 2016, voted by shareholders at the General Meeting in connection with the procedure applicable to regulated agreements and undertakings

	Amounts	Presentation
Additional defined contribution pension scheme (Article 83 of the General French Tax Code) and additional defined benefit pension scheme (Article 39 of the General French Tax Code)	No payment made during the fiscal year	<p>On July 25, 2016, the Board of Directors confirmed that as Mr. Patrick Koller no longer had an employment contract, he would continue to benefit from both schemes after July 1, 2016, in his capacity as Chief Executive Officer.</p> <p>Pursuant to Article L. 225-42-1 of the French Code of commerce in the version resulting from Law No. 2015-990 of August 6, 2015, the Board of Directors decided, on July 25, 2016, to subject Mr. Patrick Koller's right to benefit from the defined benefit scheme (Article 39 of the French General Tax Code) to the following performance condition which is linked to his annual variable compensation:</p> <ul style="list-style-type: none"> • in case of 80% or greater achievement of the annual variable compensation targets, a 1% increase in potential rights (restricted to bracket C of the compensation) will be granted for the fiscal year in question; • in case of 80% or lower achievement of the annual variable compensation targets, the increase in rights will be reduced proportionally to the achievement of the targets (e.g., a target that is 30% achieved will result in a 0.30% increase in potential rights). <p>This scheme, of which Mr. Patrick Koller is a beneficiary, duly authorized by the Board of Directors' decisions of April 13, 2016, and July 25, 2016, will be put to shareholders for approval at the General Meeting on May 30, 2017 (fifth resolution to be adopted in ordinary session).</p>
Additional defined benefit pension scheme (Article 39 of the French General Tax Code.)	No payment made during the fiscal year	<p>This scheme benefits Faurecia's Executive Committee members holding an employment contract (current or suspended) or a term of office in France, having been on the Executive Committee for a minimum term of three consecutive calendar years as of the implementation of this scheme or accession to the Executive Committee.</p> <p>On July 25, 2016, the Board of Directors confirmed the terms of the authorization given on February 11, 2015 to Mr. Patrick Koller, in his capacity as Chief Executive Officer.</p> <p>This scheme, of which Mr. Patrick Koller, Chief Executive Officer, is a beneficiary, duly authorized by the Board of Directors' decision of July 25, 2016, will be put to shareholders for approval at the General Meeting on May 30, 2017 (fifth resolution to be adopted in ordinary session).</p>

1.6 Governance (12th to 17th resolutions)

You are asked to renew the terms of office of:

- Ms. Amparo Moraleda ;
- Mr. Jean-Baptiste Chasseloup de Chatillon ;
- Mr. Jean-Pierre Clamadieu ; and
- Mr. Robert Peugeot.

You are also asked to appoint Mr. Patrick Koller and Ms. Penelope Herscher as new Board members.

Ms. Amparo Moraleda, Mr. Jean-Baptiste Chasseloup de Chatillon, Mr. Jean-Pierre Clamadieu, Mr. Robert Peugeot, Mr. Patrick Koller and Ms. Penelope Herscher will remain in office for a term of four years, i.e. until the close of the General Meeting held in 2021 to vote on the financial statements for the 2020 fiscal year.

Information on the expertise and career path of each of these persons is set out in Section 12.4 of this Registration Document.

Given the fact that the terms of office of Mr. Yann Delabrière and Mr. Ross McInnes are coming to an end and will not be renewed, the number of Board members of your Company's Board of Directors will stay within the limit of 15 Board members, in accordance with Article 11 of the bylaws which state that your Company's Board of Directors can have up to 15 members.

At the close of this General Meeting, six members of your Company's Board of Directors will be women. The Board of Directors composition would then be in accordance with the January 27, 2011 French act related to balanced representation of women and men on Boards of Directors and to professional equality.

The Board of Directors has already decided that Ms. Penelope Herscher will be deemed an independent Board member with



regard to the independence criteria set out in the AFEP-MEDEF Corporate Governance Code of Listed Corporations, which Faurecia has chosen as a reference Corporate Governance Code.

As a result, at the close of this General Meeting, more than one third of your Company's Board of Directors will be independent, in line with the recommendations of the AFEP-MEDEF Code.

1.7 Share buy-back program (18th resolution)

This resolution will authorize the Board of Directors to purchase shares of the Company for the following purposes:

- to maintain a liquid market for the Company's shares through an independent investment services provider acting under a liquidity contract;
- to retain the shares and subsequently offer them in the context of external acquisitions;
- to allot shares to employees and senior corporate officers of the Company or its affiliates, through the allotment of stock options or performance shares, either as part of their compensation or in respect of their profit sharing entitlement;
- to allot shares upon the exercise of rights attached to securities conferring an entitlement to the allotment of shares of the Company; and
- to cancel shares.

These shares may be purchased by any means, including through block purchases of shares, at times deemed appropriate by the Board of Directors.

The Board of Directors must obtain prior authorization from shareholders at the General Meeting in order to exercise this authority during a public offering initiated by a third party in relation to shares in the Company, until the offer period has ended.

The Company reserves the right to use options or derivatives within the framework of applicable regulations.

The authorization to be granted to the Board of Directors includes a:

- maximum purchase price (€60);
- a maximum limit on the overall amount that may be appropriated to the buyback program (€779,781,840 based on the Company's capital as of December 31, 2016 in view of the treasury shares held on that date); and
- a maximum limit on the number of shares which may be purchased (10% of the Company's capital on the date of purchase).

This authorization will be granted for a period of 18 months and will bring an end to the authorization granted to the Board of Directors by shareholders at their General Meeting of May 27, 2016 under their eleventh ordinary resolution.

EXTRAORDINARY BUSINESS

The 19th resolution will allow the Board of Directors to reduce the capital by canceling treasury shares.

The 20th to 23rd resolutions concern financial delegations of authority and authorizations to be granted to the Board of Directors.

The General Meeting of May 27, 2015, granted to the Board of Directors, to meet the Group's financing needs, delegations of authority and authorizations which are due to lapse during this financial year.

In 2016, none of these delegations of authority and authorizations as voted by the Meeting of May 27, 2015 was used by the Board of Directors.

In accordance with Article L. 225-100 para. 7 of the French Code of commerce, the Board of Directors has also reported on its use of these delegated authorities and authorizations in the 2016 financial year in its management report.

Consequently, under the 20th to 23rd resolutions, you are asked to renew these delegations of authority and authorizations under the terms as described below.

This will enable the Board of Directors to issue ordinary shares giving access, if necessary, to ordinary shares, or allotment of debt securities (from the Company or from any direct or indirect subsidiary), and/or securities giving access to ordinary shares to be issued (by the Company or any direct or indirect subsidiary) with or without preferential subscription right. This will enable your Company to carry out financial transactions as and when market conditions permit, and quickly raise the capital needed to implement the Group's growth and consolidation strategy.

The aim of the 24th resolution is to involve Group employees in its expansion, in particular through a capital increase reserved for employees.

The aim of the 25th resolution is to amend the Company's bylaws to include a procedure to appoint Board members representing employees, in accordance with Article L. 225-27-1 of the French

Code of commerce introduced by the French Employment Protection Act of June 14, 2013, as amended by the French Employment and Labor Relations Act of August 17, 2015.

2.1 Cancellation of treasury shares (19th resolution)

This resolution will authorize the Board of Directors to cancel shares of the Company purchased pursuant to the 18th resolution or under previously authorized share buyback programs, up to a maximum limit of 10% of the capital stock, and to reduce the capital stock accordingly.

This authorization will be granted for a period of 18 months.

2.2 Financial delegations of authority and authorizations (20th to 23rd resolutions)

2.2.1 DELEGATION OF AUTHORITY TO INCREASE THE CAPITAL STOCK WITH PREFERENTIAL SUBSCRIPTION RIGHT (20th RESOLUTION)

The operations carried out under this resolution would be reserved for Company shareholders only. They concern the issuing of ordinary shares giving access, if necessary, to ordinary shares, or allotment of debt securities and/or securities giving access to ordinary shares to be issued.

In accordance with Article L. 228-93 of the French Code of commerce, the securities to be issued may give an entitlement to ordinary shares to be issued by any company of which the Company directly or indirectly holds more than half of the capital.

This delegation will also enable the capital to be increased through capitalization of premiums, reserves, profits or other, either in the form of allotments of free shares, or by increasing the par value of existing shares.

The capital increases performed under this delegation may not exceed an aggregate par value of €250,000,000 (two hundred and fifty million euros), this ceiling being independent of any other capital ceilings provided for by other resolutions of this Meeting.

Issues of debt securities may not exceed an aggregate par value of €1,000,000,000 (one billion euros). This aggregate ceiling would apply to any debt securities that may be issued under this resolution and under the 21st and 22nd resolutions.

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

If the aggregate amount of subscriptions as of right and for excess shares or securities have not absorbed all of an issue, the Board of Directors may use, in the order it would determine, all or some of the following faculties:

- cap the amount of the issue at the amount of the subscriptions received, subject to any regulatory restrictions;
- freely allocate all or some of the unsubscribed securities;
- offer all or some of the unsubscribed securities to the public.

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

This delegation of authority is sought for a period of 26 months.

2.2.2 DELEGATION OF AUTHORITY FOR THE PURPOSES OF INCREASING THE CAPITAL STOCK WITHOUT PREFERENTIAL SUBSCRIPTION RIGHT, BY WAY OF A PUBLIC OFFERING (21st RESOLUTION)

Transactions carried out pursuant to this resolution will be open to the public. They concern the issuing of ordinary shares giving access, if necessary, to ordinary shares, or allotment of debt securities and/or securities giving access to ordinary shares to be issued.

In accordance with Article L. 228-93 of the French Code of commerce, the securities to be issued may give an entitlement to ordinary shares to be issued by any company of which the Company directly or indirectly holds more than half of the capital.

These securities may be issued in order to compensate any securities contributed to the Company as part of a public exchange offer, satisfying the conditions defined in Article L. 225-148 of the French Code of commerce.

The capital increases performed under this delegation may not exceed an aggregate par value of €95,000,000 (ninety-five million euros). This ceiling would include the aggregate par value of ordinary shares likely to be issued by virtue of the 22nd resolution.

Issues of debt securities may not exceed an aggregate par value of €1,000,000,000 (one billion euros). This ceiling would be included in the €1,000,000,000 ceiling for the issue of debt securities set by the 20th resolution.

In accordance with the law, the issue price of shares issued pursuant to this delegation of authority will be at least equal to the weighted average price of the Company's shares on Euronext Paris during the three trading days immediately preceding the issue pricing date, with a potential discount of up to 5%.



If the subscriptions do not absorb all of the issue, the Board of Directors may do the following:

- cap the amount of the issue at the amount of the subscriptions received, subject to any regulatory restrictions;
- freely allocate all or some of the unsubscribed securities.

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

This delegation of authority is sought for a period of 26 months.

2.2.3 DELEGATION OF AUTHORITY FOR THE PURPOSE OF INCREASING THE CAPITAL STOCK WITHOUT PREFERENTIAL SUBSCRIPTION RIGHT, BY AN OFFER DEFINED IN ARTICLE L. 411-2 II OF THE FRENCH MONETARY AND FINANCIAL CODE (22nd RESOLUTION)

This resolution is in addition to the 21st resolution to enable shareholders to vote separately on this matter as recommended by the *Autorité des Marchés Financiers*. It concerns private placements with persons providing a portfolio management service for third parties, qualified investors, or a restricted circle of investors, on condition that the last two categories act for their own account. They concern the issuing of ordinary shares giving access, if necessary, to ordinary shares, or allotment of debt securities and/or securities giving access to ordinary shares to be issued.

In accordance with Article L. 228-93 of the French Code of commerce, the securities to be issued may give an entitlement to ordinary shares to be issued by any company of which the Company directly or indirectly holds more than half of the capital.

The capital increases performed under this delegation may not exceed an aggregate par value of €95,000,000 (ninety-five million euros) it being stipulated that they would, in addition, be capped at 20% of the capital per year. This ceiling would include the aggregate par value of ordinary shares likely to be issued by virtue of the 21st resolution.

Like the 21st resolution, the subscription price of new shares issued pursuant to this delegation of authority will be at least equal to the weighted average price of the Company's shares on Euronext Paris during the three trading days immediately

preceding the issue pricing date, with a potential discount of up to 5%.

Issues of debt securities may not exceed an aggregate par value of €1,000,000,000 (one billion euros) it being stipulated that this amount would be included in the €1,000,000,000 aggregate ceiling for the issue of debt securities set by the 20th resolution.

If the subscriptions do not absorb all of the issue, the Board of Directors may do the following:

- cap the amount of the issue at the amount of the subscriptions received, subject to any regulatory restrictions;
- freely allocate all or some of the unsubscribed securities.

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

This delegation of authority is sought for a period of 26 months.

2.2.4 AUTHORIZATION TO INCREASE THE AMOUNT OF THE INITIAL ISSUES DECIDED UPON WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHT, IN THE EVENT OF OVER-SUBSCRIPTIONS (23rd RESOLUTION)

This authorization would allow the Company to satisfy excess demand for rights issues made to existing shareholders (20th resolution) via public offerings (21st resolution) or the private placements referred to in the 22nd resolution.

Transactions carried out pursuant to this delegation of authority may not exceed the legal ceiling of 15% of the initial issue, and will be charged against the maximum limit applicable to the initial issue.

The subscription price of ordinary shares or securities issued must be the same as the initial issue price set pursuant to the 20th, 21st and 22nd resolutions described above.

The Board of Directors may use this authorization during a period of 30 days as from the close of the subscription period.

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

This authorization will be granted for a term of 26 months.

2.3 Employee and corporate officer share ownership: delegation of authority to increase the capital stock without preferential subscription right in favor of members of a Company savings plan (24th resolution)

Pursuant to the 24th resolution, the Board of Directors is authorized to increase the capital stock by issuing shares or securities giving access, immediately or after a given period, to the Company's capital without preferential subscription rights to Group employees who are members of a company or Group savings plan.

This authorization will be limited to 3% of the capital stock, and will not be charged against the aggregate ceiling set in the 20th resolution.

The subscription price may not be higher than the average of the opening share prices quoted on the twenty trading days preceding the date of the decision setting the opening date of the subscription period. Furthermore, it may not be more than 20% lower than that average, nor may it be 30% lower if the lock-up period provided for in the savings plan is more than or equal to ten years.

The Board of Directors may also decide to award new or existing shares or other securities conferring an entitlement to new

or existing shares of the Company in respect of (i) matching contributions made pursuant to the regulations of Company or Group savings plans, and/or (ii) the discount, where applicable.

This delegation of authority is sought for a period of 26 months.

2.4 Bylaws amendment (25th resolution)

The aim of the 25th resolution is to amend the bylaws to include a procedure for appointing two Board members representing Group employees.

These Board members would be appointed as follows:

- one by the union organization obtaining the most votes in the first round of the elections mentioned in Articles L. 2122-1 and L. 2122-4 of the French Labour Code;
- the other by the Faurecia European Works Council (FEWC).

These Board members would remain in office for four years.

2.5 Powers (26th resolution)

To conclude, the 26th resolution concerns the powers to be given to complete formalities relating to the General Meeting, particularly filing and publicity formalities.



12.3. Resolutions

ORDINARY BUSINESS

RESOLUTION ONE

Approval of the parent company financial statements for the year ending December 31, 2016 – Approval of non-tax-deductible expenses and costs

The General Meeting, after having read the reports by the Board of Directors and by the Statutory Auditors on the parent company financial statements as at December 31, 2016, approves these financial statements, as presented, showing a profit of €99,944,505.79.

The General Meeting particularly approves the total amount of €127,700.73 for expenses and costs listed in 4 of Article 39 of the French General Tax Code, which corresponds to the non-deductible portion of the leases of passenger vehicles, and the corresponding tax which amounted to €21,983.68.

RESOLUTION TWO

Approval of the consolidated financial statements for the year ending on December 31, 2016

The General Meeting, after having read the reports by the Board of Directors and by the Statutory Auditors on the consolidated financial statements as at December 31, 2016, approves these financial statements, as presented, with a net profit (Group share) of €637.8 million.

RESOLUTION THREE

Appropriation of income for the fiscal year, dividend

The General Meeting, on proposal of the Board of Directors, decides to appropriate the income for the year ending December 31, 2016 as follows:

Origin

• Profit for the fiscal year	€99,944,505.79
• Retained earnings carried forward	€1,251,495,014.53
Total to be appropriated	€1,351,439,520.32

Appropriation

• Statutory reserve	€1,306,729.10
• Dividends	€124,232,220.90
• Retained earnings	€1,225,900,570.32
Total appropriated	€1,351,439,520.32

The General Meeting acknowledges that the total gross dividend per share is set as €0.90.

This dividend is fully eligible for the 40% tax deduction mentioned in Article 158-3-2 of the French General Tax Code.

If the number of shares giving rights to dividend varies from the 138,035,801 shares representing the share capital on December 31, 2016, the total amount of the dividend will be adjusted accordingly and the amount allocated to the carry forward account will be set on the basis of the dividend actually payable.

The dividend will be paid out on June 6, 2017.

The ex-dividend date will be June 2, 2017.

In accordance with the provisions of Article 243 bis of the French General Tax Code, the General Meeting acknowledges that it was reminded, that over the last three years, dividends and income were distributed as follows:

For the period	Income eligible for the tax deduction		Income not eligible for the tax deduction
	Dividends	Other income distributed	
2013	€ 36,780,430.50* i.e. €0.30 per share	-	-
2014	€ 43,406,583.50* i.e. €0.35 per share	-	-
2015	€ 89,274,690.70* i.e. €0.65 per share	-	-

* This amount includes the amount of the dividend corresponding to treasury shares held by the Company not paid and allocated to the carry forward account.

RESOLUTION FOUR***Special report by the Statutory Auditors on regulated agreements and undertakings and approval of new agreements***

The General Meeting, after having read the special report by the Statutory Auditors on regulated agreements and undertakings, approves the new agreements mentioned therein.

RESOLUTION FIVE***Special report by the Statutory Auditors on the undertakings referred to in Article L. 225-42-1 of the French Code of commerce – Approval of the undertakings in favor of Mr. Patrick Koller, Chief Executive Officer***

The General Meeting, after having read the special report by the Statutory Auditors, approves, in accordance with the provisions of Article L. 225-42-1 of the French Code of commerce, the agreements authorised by the Board of Directors of July 25, 2016 in favor of Mr. Patrick Koller, Chief Executive Officer, corresponding to supplementary retirement schemes with defined benefits and payment which may be due in the event of the termination of its functions.

RESOLUTION SIX***Approval of the principles and criteria used to determine, allocate and award the compensation of the Chairman of the Board of Directors***

The General Meeting, consulted in application of Article L. 225-37-2 of the French Code of commerce, approves the principles and criteria used to determine, allocate and award the components of the total compensation and the benefits attributable to the Chairman of the Board of Directors, as described in the specific report on compensation integrated in the explanatory notes to the resolutions.

RESOLUTION SEVEN***Approval of the principles and criteria used to determine, allocate and award the compensation of the Chief Executive Officer***

The General Meeting, consulted in application of Article L. 225-37-2 of the French Code of commerce, approves the principles and criteria used to determine, allocate and award the components of the total compensation and the benefits attributable to the Chief Executive Officer, as described in the specific report on compensation integrated in the explanatory notes to the resolutions.

RESOLUTION EIGHT***Opinion on the components of the compensation due or granted for the year ending December 31, 2016 to Mr. Yann Delabrière as Chairman and Chief Executive Officer up to June 30, 2016***

The General Meeting consulted, in accordance with the recommendation in paragraph 26.2 of the AFEP-MEDEF Code of Corporate Governance of November 2016, which is the Company's reference code under Article L. 225-37 of the French Code of commerce, issues a favourable opinion on the components of the compensation due or granted for the year ending December 31, 2016, to Mr. Yann Delabrière as Chairman and Chief Executive Officer up to June 30, 2016, as described in the explanatory notes to the resolutions.

RESOLUTION NINE***Opinion on the components of the compensation due or granted for the year ending December 31, 2016 to Mr. Yann Delabrière as Chairman of the Board of Directors from July 1, 2016***

The General Meeting consulted, in accordance with the recommendation in paragraph 26.2 of the AFEP-MEDEF Code of Corporate Governance of November 2016, which is the Company's reference code under Article L. 225-37 of the French Code of commerce, issues a favourable opinion on the components of the compensation due or granted for the year ending December 31, 2016, to Mr. Yann Delabrière as Chairman of the Board of Directors from July 1, 2016, as described in the explanatory notes to the resolutions.

RESOLUTION TEN***Opinion on the components of the compensation due or granted for the year ending December 31, 2016 to Mr. Patrick Koller as Deputy Chief Executive Officer up to June 30, 2016***

The General Meeting consulted, in accordance with the recommendation in paragraph 26.2 of the AFEP-MEDEF Code of Corporate Governance of November 2016, which is the Company's reference code under Article L. 225-37 of the French Code of commerce, issues a favourable opinion on the components of the compensation due or granted for the year ending December 31, 2016, to Mr. Patrick Koller as Deputy Chief Executive Officer up to June 30, 2016, as described in the explanatory notes to the resolutions.

RESOLUTION ELEVEN***Opinion on the components of the compensation due or granted for the year ending December 31, 2016 to Mr. Patrick Koller as Chief Executive Officer from July 1, 2016***

The General Meeting consulted, in accordance with the recommendation in paragraph 26.2 of the AFEP-MEDEF Code of Corporate Governance of November 2016, which



is the Company's reference code under Article L. 225-37 of the French Code of commerce, issues a favourable opinion on the components of the compensation due or granted for the year ending December 31, 2016, to Mr. Patrick Koller as Chief Executive Officer from July 1, 2016, as described in the explanatory statement notes to the resolutions.

RESOLUTION TWELVE

Renewal of the mandate of Ms. Amparo Moraleda as Board member

The General Meeting decides to renew the mandate of Ms. Amparo Moraleda, as Board member, for a further period of four years. This mandate will expire following the General Meeting to be held in 2021, which will be required to vote on the financial statements for the previous year.

RESOLUTION THIRTEEN

Renewal of the mandate of Mr. Jean-Baptiste Chasseloup de Chatillon as Board member

The General Meeting decides to renew the mandate of Mr. Jean-Baptiste Chasseloup de Chatillon, as Board member, for a further period of four years. This mandate will expire following the General Meeting to be held in 2021, which will be required to vote on the financial statements for the previous year.

RESOLUTION FOURTEEN

Renewal of the mandate of Mr. Jean-Pierre Clamadieu as Board member

The General Meeting decides to renew the mandate of Mr. Jean-Pierre Clamadieu, as Board member, for a further period of four years. This mandate will expire following the General Meeting to be held in 2021, which will be required to vote on the financial statements for the previous year.

RESOLUTION FIFTEEN

Renewal of the mandate of Mr. Robert Peugeot as Board member

The General Meeting decides to renew the mandate of Mr. Robert Peugeot, as Board member, for a further period of four years. This mandate will expire following the General Meeting to be held in 2021, which will be required to vote on the financial statements for the previous year.

RESOLUTION SIXTEEN

Appointment of Mr. Patrick Koller as Board member

The General Meeting decides to appoint Mr. Patrick Koller, as Board member, for a period of four years. This mandate will expire following the General Meeting to be held in 2021, which will be required to vote on the financial statements for the previous year.

RESOLUTION SEVENTEEN

Appointment of Ms. Penelope Herscher as Board member

The General Meeting decides to appoint Ms. Penelope Herscher, as Board member, for a period of four years. This mandate will expire following the General Meeting to be held in 2021, which will be required to vote on the financial statements for the previous year.

RESOLUTION EIGHTEEN

Authorisation to the Board of Directors aiming to allow the Company to buy back its own shares pursuant to Article L. 225-209 of the French Code of commerce, duration of authorisation, purposes, conditions, ceiling, suspension during public offerings

The General Meeting, after having read the report by the Board of Directors, authorises the latter, for a period of eighteen months, in accordance with Articles L. 225-209 and subsequent of the French Code of commerce, to purchase company shares, in one or several instalments, as such times that it deems appropriate, capped at 10% of the total number of shares in the Company's share capital, adjusted to take into account any possible increase or decrease in the share capital that may occur during the program.

This authorisation terminates the authorisation granted to the Board of Directors by the Combined General Meeting of May 27, 2016 (ordinary resolution eleven).

Acquisitions are authorised in order to:

- support the secondary market or the liquidity of Faurecia shares, through an investment service provider under a liquidity contract, in accordance with the AMAFI (French association of stock markets) Code of Ethics, as allowed by regulations;
- retain the shares purchased and use these shares for exchange or payment at a later stage, as part of any possible external growth transactions;
- hedge stock option plans and/or free grant of shares plans (or similar plans) to the benefit of employees and/or Group corporate officers, as well as all allocations of shares as part of a group or company savings plan (or similar plan), under a profit-sharing plan and/or any other form of allocation of shares to the benefit of the Group employees and/or corporate officers;
- hedge securities giving access to the allocation of Company shares subject to the regulations in force;
- cancel the shares acquired, if applicable, subject to the current or future authorisation of an Extraordinary General Meeting.

Such shares may be purchased by any means, including by acquiring blocks of shares, and at such times deemed appropriate by the Board of Directors.

The Board of Directors may not, without the prior authorisation of the Annual General Meeting, use this authorisation during a public offering launched by a third party, involving company shares, until the end of the offering.

The Company reserves the right to use optional mechanisms or derivatives products subject to the applicable regulations.

The maximum purchase price per share is defined as €60 (sixty euros). In the event of transactions affecting the share capital, in particular division or regrouping of shares or allocation of free shares, the aforementioned amount will be adjusted in the same proportions (multiplication coefficient equal to the ratio of the number of company shares prior to the transaction to the number of shares after the transaction).

On this basis, and for information only, the maximum amount, which the Company would pay, assuming a maximum purchase price of €60 (sixty euros), would amount to €779,781,840 on the basis of the share capital on December 31, 2016 (consisting of 138,035,801 shares), taking into account the 807,216 company treasury shares on this date.

The General Meeting grants full powers to the Board of Directors, with a sub-delegation option in accordance with legal provisions, to carry out these operations, set the conditions and procedures thereof, enter into all agreements and carry out all of the required formalities.

EXTRAORDINARY BUSINESS

RESOLUTION NINETEEN

Authorisation to the Board of Directors in view of cancelling the shares bought back by the Company pursuant to Article L. 225-209 of the French Code of commerce, duration of authorisation, ceiling

After having read the report by the Board of Directors and the report by the Statutory Auditors, the General Meeting:

1. Authorises the Board of Directors to cancel, according to its own decisions, on one or more instalments, and capped at 10% of the share capital calculated on the date of cancellation decision, less any shares cancelled during the previous twenty-four months, shares held by the Company, or which the Company may hold further to buy back transactions carried out pursuant to Article L. 225-209 of the French Code of commerce, and to reduce the share capital in accordance with the applicable legal and regulatory provisions.
2. Sets the validity of this authorisation as eighteen months from this General Meeting.
3. Grants full powers to the Board of Directors, with a sub-delegation option in accordance with legal provisions, to carry out all transactions required for such cancellation and the corresponding reductions in the share capital, modify the bylaws of the Company accordingly and carry out all of the required formalities.

RESOLUTION TWENTY

Delegation of powers to the Board of Directors to issue ordinary shares giving access, if applicable, to ordinary shares or allotment of debt securities (of the Company or a direct or indirect subsidiary), and/or securities giving access to ordinary shares (of the Company or a direct or indirect subsidiary) with preferential subscription right or to increase the share capital by incorporating reserves, profits and/or premiums, duration of the delegation, maximum par value of the increase in the share capital, outcome of fractional shares, option to offer unsubscribed securities to the public, suspension during public offerings

After having read the report by the Board of Directors and the special report by the Statutory Auditors, and in accordance with the provisions of the French Code of commerce and, in particular, Articles L. 225-129-2, L. 225-130, L. 225-132 and L. 228-92 therein, the General Meeting:

1. Delegates powers to the Board of Directors to:
 - a) issue the following, in one or several instalments, in the proportions and at the times that it deems appropriate, on the French and/or international market, either in euros, or in foreign currency, or any other accounting unit set up by reference to a group of currencies:
 - ordinary shares,
 - and/or ordinary shares giving access to the allocation of other ordinary shares or debt securities,
 - and/or securities giving access to ordinary shares to be issued.

In accordance with Article L. 228-93 of the French Code of commerce, securities to be issued may give access to ordinary shares to be issued by any company in which the Company directly or indirectly holds more than 50% of capital,



- b) increase in the share capital, in one or several instalments, at the times and under the procedures it deems appropriate, by incorporating reserves, profits, premiums and any other amounts which can be capitalised, by issuing shares or allocating free shares, or by increasing the par value of existing ordinary shares, or by a combination of these two procedures.
2. Decides, if the Board of Directors uses the delegation of powers defined in 1.b), in accordance with the provisions of Article L. 225-130 of the French Code of commerce, in the event the share capital is increased by allocating free shares, fractional shares shall not be negotiable nor transferable and the corresponding shares shall be sold. The proceeds of the sale shall be allocated to the holders of such rights, within the period provided for by the regulation.
3. Sets the validity of this delegation of powers as twenty-six months from this Meeting.
4. Sets the authorised limit amounts for issues should the Board of Directors decide to use the present delegation of powers, as follows:
- The total nominal amount of the increases in the share capital, pursuant to this delegation of powers, shall not exceed €250,000,000 (two hundred and fifty million euros).
- The ceiling referred to above is independent of all the ceilings provided for in other resolutions submitted to the present meeting.
- To this ceiling must be added, if applicable, the par value of ordinary shares to be issued to preserve the rights of holders of securities giving access to the share capital, in accordance with legal provisions and, if applicable, contractual provisions providing for other types of adjustments.
- The par value of the debt securities that may be issued in application of this delegation of powers may not exceed €1,000,000,000 (one billion euros), being specified that:
- this amount is a total ceiling, which applies to all debt securities that may be issued in application of this resolution and resolutions twenty-one and twenty-second, as submitted to this General Meeting,
 - this ceiling shall be increased, if applicable, by any repayment premiums above par, and
 - this ceiling does not apply to debt securities which issue would be decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the French Code of commerce.
5. Should the Board of Directors uses this delegation of powers within the scope of the issues mentioned in 1.a) above:
- a) decides that the issue(s) of ordinary shares or securities giving access to the share capital shall be reserved to shareholders with an irreducible subscription rights by preference to those with reducible subscription rights,
- b) decides that if irreducible subscriptions, and reducible subscriptions if applicable, do not absorb the entire issue under 1.a), the Board of Directors may use the following options:
- limit the amount of shares issued to the amount subscribed, if applicable, subject to the limits provided for by the regulations,
 - freely allocate all or part of unsubscribed securities,
 - offer all or part of unsubscribed securities to the public.
6. Decides that the Board of Directors will hold the necessary powers, subject to the above limits, with a sub-delegation option in accordance with legal provisions, particularly in order to set the conditions and procedures to issue shares or increase the share capital and to set, if appropriate, the issue price, and acknowledge the share capital increases arising in consequence, modify the bylaws accordingly, allocate, at its sole discretion, the cost of the increases in the share capital to the share premium account, and deduct from this amounts the sums necessary to fund the legal reserve to one tenth of the new capital, after each increase, and, more generally, take all necessary actions in this respect.
7. Decides that the Board of Directors may not use this delegation of powers, without the prior authorisation of the General Meeting, in the event of a public offering filled by a third party involving company shares, until the end of such offering.
8. Acknowledges that this delegation supersedes any prior delegation with an identical purpose.

RESOLUTION TWENTY-ONE

Delegation of powers to the Board of Directors to issue ordinary shares giving access, if applicable, to ordinary shares or allotment of debt securities (of the Company or a direct or indirect subsidiary), and/or securities giving access to ordinary shares (of the Company or a direct or indirect subsidiary) without preferential subscription right by public offering and/or in consideration of securities within the framework of a public exchange offer, duration of the delegation, maximum par value of the increase in the share capital, issuing price, option to limit the amount of subscriptions or distribute unsubscribed securities, suspension during public offerings

After having read the report by the Board of Directors and the special report by the Statutory Auditors, and in accordance with the provisions of the French Code of commerce and, in particular, Articles L. 225-129-2, L. 225-136, L. 225-148 and L. 228-92 therein, the General Meeting:

1. Delegates powers to the Board of Directors to issue the following, in one or several instalments, in the proportions and at the times it deems appropriate, on the French and/or international market, or via a public offering, either in euros,

or in foreign currency, or any other accounting unit set up by reference to a group of currencies:

- ordinary shares,
- and/or ordinary shares giving access to the allocation of other ordinary shares or debt securities,
- and/or securities giving access to ordinary shares to be issued.

These securities may be issued in order to compensate any securities contributed to the Company as part of a public exchange offer, satisfying the conditions defined in Article L. 225-148 of the French Code of commerce.

In accordance with Article L. 228-93 of the French Code of commerce, securities to be issued may give access to ordinary shares to be issued by any company in which the Company directly or indirectly holds more than 50% of capital.

2. Sets the validity of this delegation of powers as twenty-six months from this meeting.
3. The total par value of the ordinary shares to be issued pursuant to this delegation of powers shall not exceed €95,000,000 (ninety-five million euros).

The total par value of the increases in the share capital which may be generated pursuant to resolution twenty-two shall be deducted from the ceiling provided for in the present resolution.

The par value of ordinary shares to be issued shall be added to this ceiling, if applicable, to preserve the rights of holders of securities giving access to the share capital in accordance with legal provisions and, if applicable, contractual provisions providing for other types of adjustments.

The par value of the debt securities that may be issued in application of this delegation of powers may not exceed €1,000,000,000 (one billion euros), being specified that:

- this amount shall be deducted from the total ceiling of €1,000,000,000 (one billion euros) for the issue of debt securities set in point 4 of resolution twenty above,
- this ceiling shall be increased, if applicable, by any repayment premium above par value, and
- this ceiling does not apply to debt securities which issue would be decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the French Code of commerce.

4. Decides to cancel the preferential subscription rights of shareholders to ordinary shares and to securities giving access to share capital and/or to debt securities subject to this resolution, while allowing the Board of Directors the option to grant a right of priority to shareholders, in accordance with legal provisions.
5. Decides that the amount coming, or due, to the Company for each of the ordinary shares issued as per this delegation of powers, shall be at least equal to the minimum amount required in accordance with the applicable legal and regulatory provisions at the time when the Board of Directors implements this delegation, after taking into consideration, in the event standalone warrants are issued, the issue price for these warrants.
6. Decides, if the event of an issue of securities as compensation for securities contributed within the framework of a public exchange offer, that the Board of Directors, will hold, as per the conditions defined in Article L. 225-148 of the French Code of commerce and subject to the above limits, the necessary powers to set the list of securities contributed to the offer, the issuing conditions, the exchange parity and, if applicable, the amount of cash adjustment to be paid, and the issuing procedure.
7. Decides, in the event the subscriptions do not absorb the entire issue under 1/, the Board of Directors may use the following options:
 - limit the amount of shares issued to the amount subscribed, if applicable, subject to the limits provided for by the regulations,
 - freely allocate all or part of unsubscribed securities.
8. Decides that the Board of Directors will hold the necessary powers, subject to the above limits, with a sub-delegation option in accordance with legal provisions, particularly in order to set the conditions for the issue(s) of shares, if necessary, acknowledge the increases in the share capital arising in consequence, modify the bylaws accordingly, allocate, at its sole discretion, the cost of the increases in the share capital to the share premium account, and deduct from this amount the sums necessary to fund the legal reserve to one tenth of the new capital, after each increase, and, more generally, take all necessary actions in this respect.
9. Decides that the Board of Directors may not use this delegation of powers, without the prior authorisation of the General Meeting, in the event of a public offering filled by a third party involving Company shares, until the end of such offering.
10. Acknowledges that this delegation supersedes any prior delegation with an identical purpose.



RESOLUTION TWENTY-TWO

Delegation of powers to the Board of Directors to issue ordinary shares giving access, if applicable, to ordinary shares or allotment of debt securities (of the Company or a direct or indirect subsidiary), and/or securities giving access to ordinary shares (of the Company or a direct or indirect subsidiary) without preferential subscription right by an offer defined in II of Article L. 411-2 of the French Monetary and Financial Code, duration of the delegation, maximum par value of the increase in the share capital, issuing price, option to limit the amount of subscriptions or distribute unsubscribed securities, suspension during public offerings

After having read the report by the Board of Directors and the special report by the Statutory Auditors, and in accordance with the provisions of the French Code of commerce and, in particular, Articles L. 225-129-2, L. 225-136 and L. 228-92 therein, the General Meeting:

1. Delegates its powers to the Board of Directors in order to issue the following, in one or several instalments, in the proportions and at the times it deems appropriate, on the French and/or international market, or via a public offering as defined in II of Article L. 411-2 of the French Monetary and Financial Code, either in euros, or in foreign currency, or using any other accounting unit set up by reference to a group of currencies:
 - ordinary shares,
 - and/or ordinary shares giving access to the allocation of other ordinary shares or debt receivables,
 - and/or securities giving access to ordinary shares to be issued.

In accordance with Article L. 228-93 of the French Code of commerce, securities to be issued may give access to ordinary shares to be issued by any company in which the Company directly or indirectly holds more than 50% of the share capital.

2. Sets the validity of this delegation of powers as twenty-six months from this Meeting.
3. The total nominal amount of the ordinary shares to be issued pursuant to this delegation of powers shall not exceed €95,000,000 (ninety-five million euros); being specified that this amount will also be capped at 20% of the share capital per year (this limit is appraised on the date on which the Board of Directors decides to use this delegation of power).

The total par value of the increases in the share capital which may be generated pursuant to resolution twenty-one shall be deducted from the ceiling provided for in the present resolution.

The par value of ordinary shares to be issued shall be added to these ceilings, if applicable, to preserve the rights of holders of securities giving access to the share capital in accordance

with legal provisions and, if applicable, contractual provisions providing for other types of adjustments.

The par value of debt securities to be issued in application of this delegation of powers may not exceed €1,000,000,000 (one billion euros), being specified that:

- this amount shall be deducted from to the total ceiling of €1,000,000,000 (one billion euros) for the issue of debt securities set in point 4 of resolution twenty above,
 - this ceiling shall be increased, if applicable, by any repayment premium above par value, and
 - this ceiling does not apply to debt securities which issue would be decided or authorised by the Board of Directors in accordance with Article L. 228-40 of the French Code of commerce.
4. Decides to cancel the preferential subscription rights for shareholders to ordinary shares and to securities giving access to the share capital and/or to debt securities subject to this resolution.
 5. Decides that the amount coming, or due, to the Company for each of the ordinary shares issued as per this delegation of powers, shall be at least equal to the minimum amount required in accordance with the legal and regulatory provisions at the time when the Board of Directors implements this delegation, after taking into consideration, in the event standalone warrants are issued, the issue price for these warrants.
 6. Decides that, in the event the subscriptions do not absorb the entire issue under 1/, the Board of Directors may use the following options:
 - limit the amount of shares issued to the amount subscribed, if applicable, subject to the limits provided for by the regulations,
 - freely allocate all or part of unsubscribed securities.
 7. Decides that the Board of Directors will hold the necessary powers, subject to the above limits, with a sub-delegation option in accordance with legal provisions, particularly in order to set the conditions for the issue(s) of shares, if necessary, acknowledge the increases in the share capital arising in consequence, modify the bylaws accordingly, allocate, at its sole discretion, the cost of the increases in share capital to the share premium account, and deduct from this amount the sums necessary to fund the legal reserve to one tenth of the new capital, after each increase, and, more generally, take all necessary actions in this respect.
 8. Decides that the Board of Directors may not use this delegation of powers, without the prior authorisation of the General Meeting, in the event of a public offering filled by a third party involving company shares, until the end of such offering.
 9. Acknowledges that this delegation supersedes any prior delegation of powers with an identical purpose.

RESOLUTION TWENTY-THREE

Authorisation to increase the amount of shares issued in the event of surplus demand, suspension during public offerings

The General Meeting, after having read the report by the Board of Directors and the special report by the Statutory Auditors, decides that, for each issue of ordinary shares or securities giving access to the share capital, decided in application of resolutions twenty to twenty-two, the number of securities to be issued may be increased by the Board of Directors, by way of delegation, in accordance with the conditions provided for in Articles L. 225-135-1 and R. 225-118 of the French Code of commerce and subject to the ceilings set by the Meeting, in the event of excess demand noted by the Board of Directors.

The General Meeting decides that this authorisation is valid for a period of twenty-six months from this Meeting.

The General Meeting acknowledges that this delegation of powers supersedes any prior delegation with an identical purpose.

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

RESOLUTION TWENTY-FOUR

Delegation of powers to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to the share capital, without preferential subscription right in favor of the beneficiaries of a company savings plan in application of Articles L. 3332-18 and subsequent of the French Labour Code, duration of the delegation, maximum par value of the increase in the share capital, issuing price, option to allocate free shares in application of Article L. 332-21 of the French Labour Code

After having read the report by the Board of Directors and the special report by the Statutory Auditors, and pursuant to Articles L. 225-129-6, L. 225-138-1 and L. 228-92 of the French Code of commerce and L. 3332-18 and subsequent of the French Labour Code, the General Meeting:

1. Delegates its powers to the Board of Directors in order to increase the share capital, if considered necessary, at its sole discretion, in one or several instalments, by issuing ordinary shares or securities giving access to company share capital in favor of the beneficiaries of one or several companies or group savings plans established by the Company and/or related French or foreign companies as per the conditions of Article L. 225-180 of the French Code of commerce and Article L. 3344-1 of the French Labour Code.
2. Cancels the preferential subscription right to the benefit of these individuals, for any shares issued pursuant to this delegation of powers.

3. Sets the validity of this delegation of powers as twenty-six months from this General Meeting.

4. Limits the maximum nominal amount of the potential increase(s) in application of this delegation of powers to 3% of the share capital on the date of the decision on this increase by the Board of Directors. This amount is independent to any other ceiling applicable to the delegation granted to increase the share capital. The additional amount of ordinary shares to be issued shall be added to this amount, if applicable, in accordance with legal provisions and any applicable contractual provisions providing for other types of adjustments, to preserve the rights of holders of securities giving access to the share capital.

5. Decides that the price of shares to be issued, in application of the first paragraph above, may not be either more than 20% or 30% below the average of opening listed price over the 20 market trading sessions prior to the decision by the Board of Directors on the increase in the share capital and the corresponding issue of shares, when the lock-up period provided for by the employee share ownership plan in application of Articles L. 3332-25 and L. 3332-26 of the French Labour Code is equal to or greater than 10 years, or greater than this average.

6. Decides, in application of the provisions of Article L. 3332-21 of the French Labour Code, that the Board of Directors may allocate to the beneficiaries defined in the above first paragraph, free shares, existing or to be issued, or other securities giving access to the Company share capital, existing or to be issued, based on (i) the employer contribution, which may be paid in application of the rules for the company or group savings plans, and/or (ii), if applicable, the discount.

7. Acknowledges that this delegation supersedes any prior delegation with an identical purpose.

The Board of Directors, with a sub-delegation option as per the applicable legal conditions, may or may not implement this delegation, take all necessary actions and carry out all of the necessary formalities.

RESOLUTION TWENTY-FIVE

Modification of bylaws in order to provide conditions for the appointment of Board members representing employees

After having read the report by the Board of Directors, the General Meeting decides:

- to modify sub-paragraph 1 of Article 11 of the bylaws, as follows (the rest of the Article remaining unchanged):

"The Company is managed by a Board of Directors comprising at least three members and a maximum of fifteen members, excluding the Board members appointed in application of Article L. 225-27-1 of the French Code of commerce."



- to insert a new Article, 11 bis, after Article 11, worded as follows:

"ARTICLE 11 bis"

Furthermore, pursuant to Article L. 225-27-1 of the French Code of commerce, the Board of Directors includes two Board members representing group employees. Should the number of Board members appointed by the General Meeting become below than thirteen, the number of Board members representing employees would be reduced to one when the current mandate for Board members representing employees expires.

The mandate for Board members representing employees has a duration of 4 years.

Should no Board member represent employees for any reason, the vacant position will be filled in accordance with the conditions provided for in Article L. 225-34 of the French Code of commerce.

By way of exception to the rule defined in Article 11 of these articles for Board members appointed by the General Meeting, Board members representing employees are not required to hold a minimum number of shares.

Board members representing employees are appointed according to the following procedures:

- *one is appointed by the union organization obtaining the most votes in the first round of the elections mentioned in Articles L. 2122-1 and L. 2122-4 of the French Labour Code in France;*

- *the other is appointed by the European Works Council of the Faurecia group (referred to within the Group as Faurecia European Work Council, FEWC).*

The Board members appointed must have held an employment contract with the Company or one of its direct or indirect subsidiaries, with its head office in France, for at least two years.

By exception, the Board member appointed by the European Works Council of the Faurecia group, must hold an employment contract with the Company or one of its direct or indirect subsidiaries, with its head office in France or abroad."

RESOLUTION TWENTY-SIX

Powers for formalities

The General Meeting grants full powers to the holder of an original version, copy or extract of this report in order to carry out all publicity or submission formalities required by law.

12.4. Profiles of current Board members proposed for reappointment and of candidates whose appointment is put to the vote

12.4.1. DETAILS CONCERNING BOARD MEMBERS WHO ARE PROPOSED FOR REAPPOINTMENT

Amparo Moraleda

Mrs. Amparo Moraleda is an engineering graduate from ICAI (*Escuela Técnica Superior de Ingeniería Industrial*) in Madrid and has an MBA from the Madrid IESE Business School.

From January 2009 to February 2012, she was Chief Operating Officer – International Division of Iberdrola S.A. (one of the main producers of renewable energy worldwide).

From 1988 to 2008, she held various positions at the IBM group, which she joined as Systems Engineer. From June 2001 to June 2005, she was, most notably, General Manager of IBM Spain and Portugal. Between June 2005 and December 2008, she was General Manager of IBM for Spain, Portugal, Greece, Israel and Turkey.

In December 2015, she became a member of the Spanish Royal Academy of Economic and Financial Sciences.

Mrs. Amparo Moraleda, of Spanish nationality, will be 53 years old on the date of the General Meeting.

Mrs. Amparo Moraleda's business address is that of the Company.

MAIN POSITION CURRENTLY HELD:

—

OTHER CURRENT POSITIONS AND OFFICES:

- Member of the Supervisory Board of CSIC (*Consejo Superior de Investigaciones Científicas*) (Spain)

- Member of the Board of Directors of Solvay S.A.* (Belgium)
- Member of the Board of Directors of Airbus Group S.E.* (Netherlands)
- Member of the Board of Directors of CaixaBank S.A.* (Spain)
- Member of the Advisory Board of KPMG in Spain and Portugal
- Member of the Advisory Board of SAP in Spain and Portugal
- Member of the Advisory Board of Spencer Stuart in Spain
- Member of the Spanish Royal Academy of Economic and Financial Sciences

POSITIONS AND OFFICES HELD WITHIN THE FIVE PAST YEARS AND WHICH HAVE EXPIRED:

- Member of the Board of Directors of Meliá Hotels International S.A.* (Spain)
- Member of the Board of Directors of Alstom S.A.* (France)
- Member of the Board of Directors of Corporación Financiera Alba S.A.* (Spain)
- Chief Operating Officer – International Division of Iberdrola S.A.* (Spain)
- Member of the Board of Directors of Acerinox S.A.* (Spain)

Mrs. Amparo Moraleda holds 2,000 Faurecia shares.

* Listed company.



Jean-Baptiste Chasseloup de Chatillon

Mr. Jean-Baptiste Chasseloup de Chatillon is Chief Financial Officer and Chief Information Officer of the PSA Peugeot Citroën group and a member of the Management Board of Peugeot S.A.

He has held financial and sales functions within the PSA Peugeot Citroën group since 1989.

Mr. Jean-Baptiste Chasseloup de Chatillon, of French nationality, will be 52 years old on the date of the General Meeting.

The business address of Mr. Jean-Baptiste Chasseloup de Chatillon is that of the Company.

MAIN POSITION CURRENTLY HELD:

Chief Financial Officer and Chief Information Officer of the PSA Peugeot Citroën group and member of the Management Board of Peugeot S.A.*

OTHER CURRENT POSITIONS AND OFFICES:

- Member of the Executive Board of Peugeot S.A.* (France)
- Board member of Automobiles Citroën (France)
- Vice-Chairman and member of the Supervisory Board of Gefco (France)
- Permanent representative of Peugeot S.A., Board member of Automobiles Peugeot (France)
- Permanent representative of Automobiles Peugeot, Board member of Banque PSA Finance (France)
- Vice-Chairman and Board member of PSA International S.A. (France)
- Board member of Dongfeng Peugeot Citroën Automobiles Company Ltd (China)
- Board member of Changan PSA Automobiles Co., Ltd (China)
- Member of the Supervisory Board of Dongfeng Peugeot Citroën Automobile Sales Company, Ltd (China)
- Board member of IKAP (Iran)
- President of CarOnWay (France)
- President of Mister Auto (France)

POSITIONS AND OFFICES HELD WITHIN THE FIVE PAST YEARS AND WHICH HAVE EXPIRED:

- Chairman of the Board of Directors of Banque PSA Finance (France)
- President of A.S.M. Auto Sud Marché SAS (France)
- Board member of Gefco (France)
- Chairman of the Supervisory Board of Peugeot Finance International N.V. (Netherlands)

- Board member of Peugeot Citroën Automobiles (France)
- Board member of PCMA Holding B.V. (Netherlands)

Mr. Jean-Baptiste Chasseloup de Chatillon holds 20 Faurecia shares.

Jean-Pierre Clamadieu

Mr. Jean-Pierre Clamadieu is Chief Executive Officer of Solvay since May 8, 2012.

He was in charge of various divisions of Rhodia, also serving as its Chief Executive Officer from October 2003 to March 2008, and then as its Chairman and CEO until October 2011.

Mr. Jean-Pierre Clamadieu, of French nationality, will be 58 years old on the date of the General Meeting.

The business address of Mr. Jean-Pierre Clamadieu is that of the Company.

MAIN POSITION CURRENTLY HELD:

Chief Executive Officer of Solvay S.A.* (Belgium)

OTHER CURRENT POSITIONS AND OFFICES:

- Board member of Solvay S.A.* (Belgium)
- Board member of AXA* (France)
- Board member of Solvay Finance S.A. (Luxembourg)
- Board member of Solvay Specialty Chemicals Asia Pacific Pte. Ltd (Singapore)
- Chairman of Cytec Industries, Inc. (United States)

POSITIONS AND OFFICES HELD WITHIN THE FIVE PAST YEARS AND WHICH HAVE EXPIRED:

- Deputy Chief Executive Officer of Solvay S.A.* (Belgium) until May 8, 2012
- Chairman of the Board of Directors of Rhodia (France) until February 12, 2013
- Board member of SNCF (France) until December 31, 2012
- Member of the Supervisory Board of Solvay GmbH (Germany) until December 31, 2013
- Board member of Solvay Iberica S.L. (Spain) until September 26, 2014
- Board member of Solvay Quimica S.L. (Spain) until September 26, 2014
- Board member of Solvay America, Inc. (United States) until January 1, 2014

Mr. Jean-Pierre Clamadieu holds 364 Faurecia shares.

* Listed company.

Robert Peugeot

Mr. Robert Peugeot is Chairman and CEO of FFP.

Robert Peugeot studied at the *École Centrale de Paris* and INSEAD. He has held various senior positions within the PSA Peugeot Citroën group, and was a member of the Group Executive Committee from 1998 to 2007, holding the position of Vice-President, Innovation and Quality. He is a permanent representative of FFP on the Supervisory Board of Peugeot S.A., a member of the Finance and Audit Committee and chair of the Strategy Committee. He has been Chairman and CEO of FFP since February 2002.

Mr. Robert Peugeot, of French nationality, will be 67 years old on the date of the General Meeting.

Mr. Robert Peugeot's business address is that of the Company.

MAIN POSITION CURRENTLY HELD:

Chairman & CEO and Chairman of the Investment Committee of FFP S.A.* (France)

OTHER CURRENT POSITIONS AND OFFICES:

- Permanent representative of FFP S.A.* on the Supervisory Board, Chairman of the Strategic Committee and member of the Finance and Audit Committee of Peugeot S.A.* (France)
- Member of the Supervisory Board, Audit Committee and Compensation, Appointments and Governance Committee of Hermès International S.C.A.* (France)
- Board member and Chairman of the Accounts Committee of Établissements Peugeot Frères S.A. (France)
- Board member and Chairman of the Compensation and Appointments Committee of Sofina S.A.* (Belgium)
- Board member and member of the Compensation and Appointments Committee of DKSH S.A.* (Switzerland)

- Board member of Tikehau Capital Advisors SAS (France)
- Permanent representative of FFP Invest SAS, President of Financière Guiraud SAS (France) and member of the Supervisory Board
- General Manager of SC Rodom
- General Manager of Sarl CHP Gestion
- Permanent representative of FFP S.A.*, Chairman of FFP Invest
- Permanent representative of FFP Invest SAS on the Board of Directors and Chairman of the Compensation and Appointments Committee of Sanef S.A. (France)

POSITIONS AND OFFICES HELD WITHIN THE FIVE PAST YEARS AND WHICH HAVE EXPIRED

- Member of the Supervisory Board, Chairman of the Strategic Committee and Member of the Finance and Audit Committee of Peugeot S.A.* (France)
- Member of the Supervisory Board of IDI Emerging Markets S.A. (Luxembourg)
- Permanent representative of FFP Invest on the Supervisory Board and member of the Accounts Committee of Zodiac Aerospace* (France)
- Board member and Chairman of the Compensation and Appointments Committee of Sanef (France)
- Board member and member of the Strategic Committee and Compensation and Appointments Committee of Imerys* (France)
- Board member and member of the Strategic Committee and Compensation Committee of Holding Reinier SAS
- Permanent representative of FFP Invest on the Supervisory Board of IDI Emerging Markets S.A. (Luxembourg)

Mr. Robert Peugeot holds 100 Faurecia shares.

* Listed company.



12.4.2. PROFILES OF CANDIDATES WHOSE APPOINTMENT IS PUT TO THE VOTE

Patrick Koller

Mr. Patrick Koller is CEO of Faurecia since July 1, 2016.

He graduated from the *École Supérieure des Sciences et Technologies de l'Ingénieur de Nancy* (ESSTIN) and *Institut Français de Gestion*.

He has held various management positions with several major manufacturing groups (Valeo, Rhodia).

In 2006, he joined the Faurecia group as Executive Vice-President of the Faurecia Automotive Seating Business Group (now Faurecia Seating), a position he held until February 2, 2015. During this period, he held various offices within the Group's subsidiaries.

On February 2, 2015, he was appointed Deputy Chief Executive Officer, a position he held until June 30, 2016.

Mr. Patrick Koller, of French nationality, will be 58 years old on the date of the General Meeting.

Mr. Patrick Koller's business address is that of the Company.

MAIN POSITION CURRENTLY HELD:

CEO of Faurecia (France)

OTHER CURRENT POSITIONS AND OFFICES:

—

FUNCTIONS AND OFFICES HELD WITHIN THE PAST FIVE YEARS AND WHICH HAVE EXPIRED:

- Deputy Chief Executive Officer of Faurecia until June 30, 2016
- Vice-Chairman of the Board of Directors of Faurecia (China) Holding Co., Ltd (China) until March 12, 2015
- General Manager of Faurecia Components Pisek, S.r.o. (Czech Republic) until April 21, 2015
- General Manager of Faurecia Plzen (Czech Republic) until April 21, 2015
- Member of the Supervisory Board of Faurecia Automotive GmbH (Germany) until May 31, 2015
- Representative of the Faurecia Investments' Board member, Vice-Chairman of the Board of Directors of Faurecia Azin Pars Company (Iran) until September 15, 2015
- Member of the Board of Directors of Faurecia NHK Co., Ltd (Japan) until April 28, 2015

- Member of the Supervisory Board of Faurecia Automotive Polska S.A. (Poland) until March 30, 2015
- Chairman of the Supervisory Board of Faurecia Walbrzych S.A. (Poland) until March 30, 2015
- Chairman of the Supervisory Board of Faurecia Grojec R&D Center S.A. (Poland) until March 30, 2015
- Chairman and Chief Executive Officer of Faurecia Asientos Para Automovil Espana, S.A. (Spain) until November 30, 2015
- Vice-Chairman of the Board of Directors of Teknik Malzeme Ticaret Ve Sanayi Anonim Sirketi (Turkey) until March 26, 2015
- General Manager of Faurecia Automotive Seating, LLC (USA) until March 4, 2015
- Board member of Faurecia Madison Automotive Seating, Inc. (United States) until March 2, 2015
- Board member of Faurecia Automotive Seating UK Limited (UK) until September 16, 2014
- Board member of Orcia Otomotiv Yan Sanayi Ve Anonim Sirketi (Turkey) until June 2, 2014
- Vice-Chairman of the Board of Directors of Faurecia (Shanghai) Management Co., Ltd (China) until November 1, 2013
- Vice-Chairman of the Board of Directors of BFTC Bertrand Faure Teknik Oto Yan Sanayi Ve Ticaret A.S. (Turkey) until June 30, 2012

Mr. Patrick Koller holds 14,950 Faurecia shares.

Penelope Herscher

Ms. Penelope Herscher is Chairman at FirstRain, Inc., an enterprise software company, which she joined in 2004 and ran as President and CEO until 2015. Ms. Herscher also serves on the Boards of two public companies, Lumentum Operations LLC. (formerly JDSU), where she chairs the Compensation Committee and Rambus, Inc. where she chairs the Strategy Committee. She serves on the Governance Committee of both Boards. She also chairs, since March 2016, the Board of Savonix, Inc., a startup in the digital health domain.

From 2002 to 2003, Ms. Penelope Herscher held the position of executive vice president and chief marketing officer at Cadence Design Systems, Inc., an electronic design automation software company. From 1996 to 2002, she was president and Chief Executive Officer of Simplex Solutions, which she led through an IPO in 2001 and which was acquired by Cadence in 2002. Before Simplex, she was an executive at Synopsys for eight years and started her career as an R&D engineer with Texas Instruments.

* Listed company.

Ms. Penelope Herscher holds a BA Hons, MA in Mathematics from Cambridge University (England).

Ms. Penelope Herscher is an American and British dual national and will be 56 years old on the date of the Shareholders' Meeting.

Ms. Penelope Herscher business address is that of the Company.

MAIN FUNCTION CURRENTLY HELD:

- Chairman of the Board of directors of FirstRain, Inc. (US private company)

OTHER CURRENT FUNCTIONS AND MANDATES:

- Board member at Rambus, Inc.
- Board member at Lumentum Operations LLC.
- Chairman of the Board of directors of Savonix, Inc. (US private company)

FUNCTIONS AND MANDATES HELD WITHIN THE FIVE PAST YEARS AND WHICH HAVE EXPIRED:

- President and CEO of FirstRain, Inc., from 2004 to 2015
- Executive Vice-President and General Manager of Cadence Systems, from 2002 to 2003
- President and CEO of Simplex Solutions, from 1996 to 2002

Ms. Penelope Herscher holds 500 Faurecia shares.

* Listed company.



12.5. Reports

12.5.1. REPORTS OF THE STATUTORY AUDITORS

12.5.1.1 Statutory Auditors' special report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Faurecia S.A., we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-31 of the French Code of commerce (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Code of commerce in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements and commitments authorized during the year

In accordance with Article L. 225-40 of the French Code of commerce, we were informed of the following agreements and commitments authorized by the Board of Directors.

1.1 Agreement between Faurecia Services Groupe and Capgemini Technology Services

Person concerned

Yann Delabrière, as corporate officer of Faurecia (Chairman and Chief Executive Officer until June 30, 2016 and Chairman of the Board of Directors as of July 1, 2016), controlling Faurecia Services Groupe, and Capgemini SA (director), controlling Capgemini Technology Services.

Nature and purpose

On June 21, 2016, Faurecia Services Groupe and Capgemini Technology Services signed a contract for the performance of services by Capgemini in connection with the Digital Enterprise project. This agreement was authorized by the Board of Directors on April 13, 2016.

Terms and conditions

Faurecia owes an amount of €7.1 million (excluding tax) in respect of this contract for the financial year ended December 31, 2016.

Reasons justifying the interest of the agreement for the Company

The Board of Directors has justified the agreement as follows: "This agreement provides the Faurecia group with support in order to successfully complete a strategic development project."

1.2 Commitments authorized in favor of Patrick Koller, Deputy Chief Executive Officer until June 30, 2016 and Chief Executive Officer as of July 1, 2016

The Board of Directors has authorized the following commitments in favor of Patrick Koller, Deputy Chief Executive Officer until June 30, 2016 and Chief Executive Officer as of July 1, 2016.

1.2.1 Defined contribution pension plan (Article 83 of the French Tax Code⁽¹⁾ and defined benefit pension plan (Article 39 of the French Tax Code) set up for all Group employees in France

Nature and purpose

The defined contribution pension plan (Article 83 of the French Tax Code) and defined benefit pension plan (Article 39 of the French Tax Code) set up for all Group employees in France, including Patrick Koller, were authorized by the Board of Directors at its meetings of April 13 and July 25, 2016.

Terms and conditions

These plans include:

- a defined contribution plan relating to salary brackets A and B with total contributions representing 1% on bracket A and 6% on bracket B of the compensation without any contribution by the beneficiary. In 2016, Faurecia paid €7,337.04 in respect of these contributions;
- a defined benefit plan with the following terms and conditions:
 - minimum seniority: five years at the time of retirement,
 - progressive increase of potential entitlement in relation to seniority and compensation: potential entitlement increases each year by 1% of salary bracket C,
 - reference period taken into account to calculate entitlement: seniority as of December 18, 2006,
 - entitlement calculations relate to salary bracket C only (i.e., between four and eight times the French annual social security ceiling),
 - the reference compensation taken into account at the time of retirement is the average of the annual bracket C compensation received over the past three years.

Both of these plans remain open to all Group executives with at least five years' seniority at the time of retirement for the defined benefit plan and at least one year's seniority for the defined contribution plan.

At its meeting of July 25, 2016, the Board of Directors confirmed that Patrick Koller, who no longer has an employment contract with the Company, will remain a beneficiary of these two plans after July 1, 2016 in his capacity as Chief Executive Officer.

Furthermore, in accordance with Article L. 225-42-1 of the French Code of commerce as amended by the French Act No. 2015-990 of August 6, 2015 (the Macron Act), the Board of Directors decided to make Patrick Koller's right to the defined benefit plan subject to the following performance condition, linked to his annual variable compensation:

- in the event that the variable compensation objectives are achieved at 80% or above, an additional 1% of the potential rights (limited to salary bracket C) will vest for the period in question;
- in the event the variable compensation objectives are achieved at less than 80%, the increase in the rights will be reduced in proportion to the level at which the objectives were achieved (for example, an objective achieved at 30% would lead to a 0.30% increase in the potential rights).

The potential rights applicable in favor of Patrick Koller at December 31, 2016 are as follows:

Reference compensation as of December 31, 2016 (bracket C)	Potential annual rights for 2016	Total potential annual rights as of December 31, 2016	Seniority as of	Seniority conditions
€154,464	1%	10%	Dec. 18, 2016	5 years at the time of retirement

No payment was made to Patrick Koller in respect of these two plans during the financial year ended December 31, 2016.

Reasons justifying the interest of the agreement for the Company

The Board of Directors has justified the agreement as follows: "These plans, which are subject to performance conditions, are part of a long-term strategy to retain the Chief Executive Officer and encourage closer involvement in the Group's results."

(1) *Code général des impôts.*



1.2.2 Supplementary defined benefit pension plan (Article 39 of the French Tax Code) set up specifically for members of Faurecia's Executive Committee

Nature and purpose

The supplementary defined benefit pension plan (Article 39 of the French Tax Code), of which Patrick Koller is a beneficiary, was authorized by the Board of Directors at its meeting of July 25, 2016.

Set up following a decision by the Board of Directors at its meeting of February 11, 2015 and modified by a unilateral decision made by the Chief Executive Officer on July 4, 2016, this plan was intended for members of Faurecia's Executive Committee who have an employment contract with the Company, either in progress or suspended, or hold a corporate office in France, and have served on the Executive Committee for a minimum of three consecutive calendar years as from the implementation of this plan or the date they joined the Executive Committee.

Terms and conditions

Faurecia guarantees beneficiaries of the plan an annual pension determined according to the Company's operating income and budget approved by the Board of Directors according to the following formula $S \cdot X_i \cdot R$, where:

- R is the annual reference compensation;
- X_i is the entitlement for each year of seniority (i) equal to:
 - 3% if the operating income for the year is strictly more than 105% of the budgeted operating income,
 - 2% if the operating income for the year is between 95% and 105% of the budgeted operating income,
 - 1% if the operating income for the year is strictly less than 95% of the budgeted operating income.

Operating income for the year Y is defined based on the income statement as of December 31, Y approved by the Board of Directors in year Y+1 and the initial budget for the year Y approved by the Board of Directors in the year Y-1.

Each year, the Board of Directors therefore decides how much should be granted, following the approval of the financial statements.

In respect of 2015, the Board of Directors decided at its meeting of April 13, 2016 that the pension for the financial year would be equal to 3% of the reference compensation of each beneficiary in France. The potential individual rights of Patrick Koller at December 31, 2016 are as follows:

Reference compensation as of December 31, 2016	Potential annual rights for 2016	Total potential annual rights as of December 31, 2016	Maximum potential rights (all Faurecia plans)	Seniority conditions
€1,469,290	3%	6%	25%*	Three calendar years on the Executive Committee as of January 1, 2015

* Combined with eight times the annual social security limit.

No payment was made to Patrick Koller in respect of this plan during the financial year ended December 31, 2016.

Reasons justifying the interest of the agreement for the Company

The Board of Directors has justified the agreement as follows: "These plans, which are subject to performance conditions, are part of a long-term strategy to retain senior directors and the Chief Executive Officer and encourage closer involvement in the Group's results."

1.2.3 Severance pay

Nature and purpose

At its meeting of July 25, 2016, the Board of Directors approved a severance pay package for Patrick Koller.

Terms and conditions

This indemnity is subject to the following conditions:

- i. Severance pay would be due to Patrick Koller in the event that he is removed from office as Chief Executive Officer at the Company's initiative, except in the event of serious or gross misconduct;
- ii. No indemnity would be due if Patrick Koller resigns or retires;
- iii. The payment of this indemnity is subject to the following performance conditions:
 - a. achieving positive operating income over the three financial years prior to the end of Patrick Koller's term of office as Chief Executive Officer,
 - b. achieving positive net cash flow over the three financial years prior to the end of Patrick Koller's term of office as Chief Executive Officer;

- iv. The severance pay package would be equal to 24 months of Patrick Koller's reference compensation (fixed compensation and short-term variable compensation) if the two conditions set out above are met over the three financial years in question, which in practical terms amounts to meeting six criteria;
- v. Should one of the six criteria not be met, the severance pay package would be reduced by one sixth and therefore could be equal to zero if none of the six criteria are met;
- vi. Should Patrick Koller's term of office as Chief Executive Officer be less than three years, the severance pay calculation would be the same, but the number of criteria would be adjusted to take into account the actual duration of his term of office.

Reasons justifying the interest of the agreement for the Company

The Board of Directors has justified the agreement as follows: "This commitment, which is subject to performance conditions, is part of a long-term strategy to retain the Chief Executive Officer and encourage closer involvement in the Group's results."

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved in previous years

In accordance with Article R. 225-30 of the French Code of commerce, we were informed that the following agreements and commitments, approved by the Annual General Meeting in previous years, remained in force during the year ended December 31, 2016.

2.1 Defined contribution pension plan (Article 83 of the French Tax Code) and defined benefit pension plan (Article 39 of the French Tax Code) for all Group employees in France

Person concerned

Yann Delabrière, in his capacity as Chairman and Chief Executive Officer until June 30, 2016.

Nature and purpose

A defined contribution pension plan (Article 83 of the French Tax Code) and defined benefit pension plan (Article 39 of the French Tax Code) for all Group employees in France.

Terms and conditions

These plans include:

- a defined contribution plan relating to salary brackets A and B with total contributions representing 1% on bracket A and 6% on bracket B of the compensation without any contribution by the beneficiary. In 2016, Faurecia paid €3,668.52 in respect of these contributions (up to June 30, 2016);
- a defined benefit plan.

Yann Delabrière retired on July 1, 2016.

The rights to capital under the defined benefit pension plan was €1,114,468.89.

The rights to capital under the defined contribution pension plan was €88,797.34

2.2 Corporate officer agreement

Person concerned

Patrick Koller, in his capacity as Deputy Chief Executive Officer until June 30, 2016.

Nature and purpose

At its meeting of February 11, 2015, the Board of Directors approved an agreement between Faurecia and Patrick Koller setting out Mr. Koller's rights and obligations as Deputy Chief Executive Officer. The agreement was signed on February 12, 2015.

Terms and conditions

The agreement reaffirms the Patrick Koller's commitments and the components of his compensation package in his capacity as Deputy Chief Executive Officer as agreed by the Board of Directors at its meetings of December 9, 2014 and February 11, 2015.

The agreement came to an end on July 1, 2016.

**2.3 Additional defined benefit pension plan for members of the Executive Committee (Article 39 of the French Tax Code)**

This commitment concerns Patrick Koller, in his capacity as Deputy Chief Executive Officer until June 30, 2016.

The nature, purpose, terms and conditions as well as the reasons for the commitment and potential rights as of December 31, 2016 for Patrick Koller are the same as set out in paragraph 1.2.2 above.

Neuilly-sur-Seine and Paris-La Défense, April 21, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Éric Bertier

ERNST & YOUNG Audit

Valérie Quint

12.5.1.2 Statutory Auditors' report on the capital reduction

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity at Statutory Auditors of your Company and in compliance with Article L. 225-209 of the French Code of commerce (*Code de commerce*) on capital reductions by means of cancellation of own shares purchased, we have prepared this report with the aim of informing you of our assessment of the reasons for, and terms and conditions of, the proposed capital reduction.

Your Board of Directors is proposing that it should be invested, for a period of 18 months from the date of this Shareholders' Meeting, with full authority, to cancel shares purchased by virtue of your Company's authorization to purchase its own shares within the context of the provisions of the aforementioned article, up to a maximum of 10% of its capital stock per twenty-four-month period.

We performed the procedures we deemed necessary to comply with the professional standards of the national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of assignment. These procedures led us to examine whether the reasons for, and terms and conditions of, the proposed capital reduction, which is not likely to affect shareholders' equality, are in order.

We have no matters to report as to the reasons for, and terms and conditions of, the proposed capital reduction.

Neuilly-sur-Seine and Paris-La Défense, April 21, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

ERNST & YOUNG Audit

Éric Bertier

Valérie Quint



12.5.1.3 Statutory Auditors' report on the issue of shares and/or securities with or without preemptive subscription rights

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with and is construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Faurecia S.A., and in accordance with Articles L. 228-92 and L. 225-135 et seq. of the French Code of commerce (*Code de commerce*), we hereby report to you on the proposed delegations of authority to the Board of Directors to issue ordinary shares and/or securities, which are submitted to you for approval.

On the basis of the Board of Directors' report, the shareholders are requested to:

- delegate to the Board for a 26-month period, the authority to carry out the following operations and determine the final terms and conditions of the related issues and, if necessary, to waive their pre-emptive subscription rights for:
 - the issue, with pre-emptive subscription rights (twentieth resolution) (i) of ordinary shares and/or (ii) ordinary shares carrying rights to the allocation of other ordinary shares or debt securities and/or (iii) securities carrying rights to the Company's ordinary shares to be issued. It is specified that in accordance with Article L. 228-93 of the French Code of commerce, securities to be issued can carry rights to ordinary shares to be issued by any company in which the Company holds, directly or indirectly, more than half of the share capital;
 - the issue, without pre-emptive subscription rights (twenty-first resolution), of (i) ordinary shares and/or (ii) ordinary shares carrying rights to the allocation of other ordinary shares or debt securities and/or (iii) securities carrying rights to the Company's ordinary shares to be issued by way of a public offering:
 - it is specified that in accordance with Article L. 228-93 of the French Code of commerce, securities to be issued can carry rights to ordinary shares to be issued by any company in which the Company holds, directly or indirectly, more than half of the share capital;
 - it is specified that these securities may be issued for the purpose of remunerating securities that would be contributed to the Company in the context of a public exchange offer for securities meeting the conditions set by Article L. 225-148 of the French Code of commerce;
 - the issue, without pre-emptive subscription rights (twenty-second resolution), of (i) ordinary shares and/or (ii) ordinary shares carrying rights to the allocation of other ordinary shares or debt securities and/or (iii) securities carrying rights to the Company's ordinary shares to be issued, by way of an offer referred to in Article L. 411-2, paragraph II of the French Monetary and Financial Code (*Code monétaire et financier*) and within the annual limit of 20% of the share capital. It is specified that in accordance with Article L. 228-93 of the French Code of commerce, securities to be issued can carry rights to ordinary shares to be issued by any company in which the Company holds, directly or indirectly, more than half of the share capital.

The aggregate nominal amount of the share capital increases that may be carried out, either immediately or in the future may not exceed € 250 million pursuant to the twentieth resolution and € 95 million pursuant to the twenty-first and twenty-second resolutions.

The aggregate nominal amount of the debt securities that may be issued pursuant to the twentieth, twenty-first and twenty-second resolutions may not exceed € 1 billion.

These limits take into account the additional securities to be issued pursuant to the delegations of authority under the twentieth to twenty-second resolutions in accordance with Article L. 225-135-1 of the French Code of commerce, in the event the shareholders adopt the twenty-third resolution.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R. 225-113 et seq. of the French Code of commerce. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancellation of pre-emptive subscription rights and on other information relating to these operations, which is presented in this report.

We performed the procedures that we deemed necessary in accordance with professional standards of the national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of assignment. These procedures consisted in verifying the information disclosed in the Board of Directors' report pertaining to the transaction and the methods used to set the issue price of the securities to be issued.

Subject to a subsequent examination of the terms and conditions of any proposed issue, we have no matters to report as regards the methods used to set the issue price of the securities to be issued given in the Board of Directors' report pursuant to the twenty-first and twenty-second resolutions.

In addition, as this report does not stipulate the methods used to set the issue price in the event that securities are issued pursuant to the implementation of the twentieth resolution, we do not express an opinion on the components used to calculate the issue price.

We do not express an opinion on the final terms and conditions of the issues because they have not been set, or consequently, on the proposed cancellation of the pre-emptive subscription rights proposed to the shareholders in the twenty-first and twenty-second resolutions.

In accordance with Article R. 225-116 of the French Code of commerce, we will prepare an additional report if and when the Board of Directors uses its delegations of authority to issue securities carrying rights to other shares or the allocation of debt securities, to issue securities carrying rights to shares to be issued and to issue shares without pre-emptive subscription rights.

Neuilly-sur-Seine and Paris-La Défense, April 21, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

ERNST & YOUNG Audit

Éric Bertier

Valérie Quint



12.5.1.4 Statutory Auditors' report on the issue of ordinary shares and/or securities carrying rights to capital stock and reserved for members of a Company savings plan

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Faurecia S.A. and in accordance with Articles L. 228-92 and L. 225-135 et seq. of the French Code of commerce (*Code de commerce*), we hereby report to you on the proposal to delegate to the Board of Directors the authority to decide to increase the share capital by issuing ordinary shares and/or securities carrying rights to capital stock without pre-emptive subscription rights for existing shareholders, reserved for members of one or more Company or Group employee savings plans set up by your Company and/or any French or foreign affiliated companies, as defined by Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code (*Code du travail*), for a maximum nominal amount of 3% of the Company's capital stock existing as of the date of the Board of Directors' decision to proceed with the capital increase, which is submitted to you for approval.

This transaction is submitted to the shareholders for approval pursuant to the provisions of Article L. 225-129-6 of the French Code of commerce and Articles L. 3332-18 et seq. of the French Labour Code.

On the basis of the Board of Directors' report, the shareholders are requested to delegate to the Board of Directors, for a 26-month period, the authority to increase the share capital and to cancel the shareholders' pre-emptive subscription rights in respect of the securities to be issued. Where applicable, the Board of Directors will be responsible for setting the final terms and conditions of any such issue.

It is the Board of Directors' responsibility to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancellation of shareholders' pre-emptive subscription rights and on certain other information relating to these operations, which is presented in this report.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information disclosed in the Board of Directors' report pertaining to the transaction and the methods used to set the issue price of the shares to be issued.

Subject to a subsequent examination of the terms and conditions of the proposed issue, we have no matters to report as regards the methods used to set the issue price of the shares to be issued given in the Board of Directors' report.

We do not express an opinion on the final terms and conditions of the issue because they have not been set, or consequently, on the proposed cancellation of shareholders' pre-emptive subscription rights.

In accordance with Article R. 225-116 of the French Code of commerce, we will prepare an additional report if and when the Board of Directors uses this delegation of authority to issue shares or securities that are shares granting access to the other shares or to issue securities granting access to shares to be issued.

Neuilly-sur-Seine and Paris-La Défense, April 21, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit
Éric Bertier

ERNST & YOUNG Audit
Valérie Quint

12.5.2. INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our quality as an independent verifier accredited by the COFRAC ⁽¹⁾, under the number n° 3-1050, and as a member of the network of one of the Statutory Auditors of the company Faurecia, we present our report on the consolidated social, environmental and societal information established for the year ended on the December 31, 2016, presented in the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the Article L. 225-102-1 of the French Code of commerce (*Code de commerce*).

Responsibility of the Company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the Article R. 225-105-1 of the French Code of commerce (*Code de commerce*), in accordance with the protocols used by the Company (hereafter referred to as the "Criteria"), and available on request at the Company's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the Article L. 822-11 of the French Code of commerce (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Code of commerce (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria;

Our verification work was undertaken by a team of 6 people between September 2016 and February 2017, for an estimated duration of 10 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of May 13, 2013 determining the conditions under which an independent third-party verifier conducts its mission.

1. ATTESTATION OF PRESENCE OF CSR INFORMATION

Nature and scope of the work

Interviews with the management of relevant departments allowed us to obtain an understanding of the Company's strategy on sustainable development based on the social and environmental consequences linked to the Company's activities and related to its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Code of commerce (*Code de commerce*).

(1) Scope available at www.cofrac.fr.



In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Code of commerce (*Code de commerce*).

We verified that the CSR Information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L. 233-1 of the French Code of commerce (*Code de commerce*) and the entities which it controls, as aligned with the meaning of the Article L. 233-3 of the French Code of commerce (*Code de commerce*).

Conclusion

Based on this work, and given the limitations mentioned above we confirm the presence in the management report of the required CSR Information.

2. LIMITED ASSURANCE ON CSR INFORMATION

Nature and scope of the work

We undertook around 10 interviews with the people responsible for the preparation of the CSR Information in the different departments in charge of the data collection process and – when relevant – responsible for internal monitoring process and risk management in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important ⁽¹⁾:

- At the level of the parent company, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- At the level of the representative selection of entities that we selected ⁽²⁾, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 15% of the total workforce and between 15% and 36% of the quantitative environmental information.

(1) Social Information:

- Indicators (quantitative information): total headcount and breakdown by contract, absenteeism rate, total number of trainings, work accidents frequency rate (with and without days lost).
- Qualitative information: employment (gender and geography, hiring and terminations, women proportion in executives headcount), labor organization, absenteeism, labor relations (social dialogue organization, collective agreements), health and safety, work accidents (frequency and gravity), training policies, diversity and equality of treatment and opportunities (measures undertaken for gender equality, measures undertaken to improve gender equality, anti-discrimination policies and actions), promotion and respect of the ILO core conventions (freedom of association, anti-discrimination policies and actions, elimination of forced labor and child labor).

Environmental and societal information:

- Indicators (quantitative information): the percentage of production sites certified ISO 14001, the number of sites certified ISO 14001, raw material consumption and its ratio per turnover unit, energy consumption and its ratio per turnover unit, GHG emissions (scope 1 and 2 and their ratio per turnover unit), emissions of Volatile Organic Compounds, the quantity of waste produced and its ratio per turnover unit, waste distribution per disposal type, the percentage of suppliers that have been assessed following CSR criteria.
- Qualitative information: general environmental organization, training and information delivered to the employees regarding environmental protection, the resources dedicated to the prevention of environmental risks and pollution, measures undertaken to prevent, reduce or remediate air emissions (emissions of volatile organic compounds), circular economy (waste generation prevention, waste recycling and disposal, measures undertaken to improve energy efficiency and the use of renewable energy), climate change (the significant emission sources for GHG generated by the activities of the society, especially for the use of services and goods produced by the society, the adaptation to climate change), importance of subcontracting and the consideration of environmental and social issues in the purchasing policies and the relations with suppliers and subcontractors; importance of subcontracting and the consideration of environmental and social issues in the purchasing policies and the relations with suppliers and subcontractors, loyalty of practices (measures to prevent corruption).

(2) Faurecia Clean Mobility BG: North America Division, including the sites of Silao and Queretaro (Mexico), and the Fradley site (United Kingdom); Faurecia Interiors BG: South Europe Division, including the sites of Mouzon and Hénin-Beaumont (France); Faurecia Seating BG: Banbury site (United Kingdom).

For the other consolidated CSR Information, we assessed their consistency in relation to our knowledge of the Company.

Eventually, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, April 11, 2017

French original signed by:

Independent Verifier

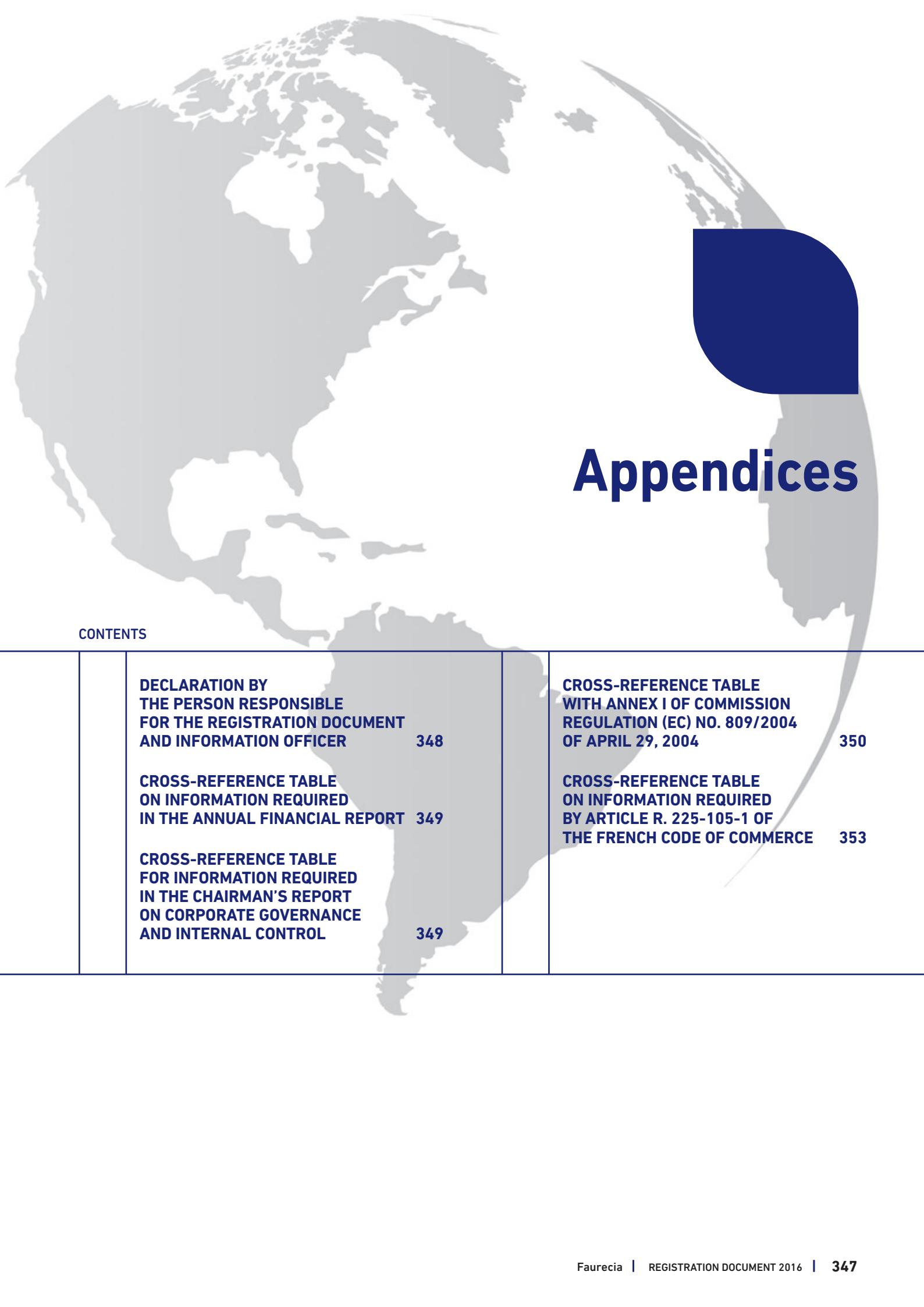
ERNST & YOUNG et Associés

Éric Mugnier

Bruno Perrin

Partner Sustainability Services

Partner



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Declaration by the person responsible for the Registration Document and Information Officer



Declaration by the person responsible for the Registration Document and Information Officer

Person responsible for the Registration Document

Mr. Patrick Koller

Chief Executive Officer

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, the financial position and the results of the Company and the consolidated companies making up the Group, and that the management report, the contents of which are shown on page 349, provides a true and fair picture of the business, results and financial position of the Company and its consolidated companies, as well as a description of the main risks and uncertainties they face.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have read the whole of the Registration Document and examined the information about the financial position and the financial statements contained therein.

Patrick Koller

Nanterre, April 24, 2017

Information Officer

Mr. Michel Favre

Executive Vice-President, Group Chief Financial Officer

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Cross-reference table on information required in the annual financial report

For easier reading, the cross-reference table identifies information in this Registration Document that also appears in the annual financial report that listed companies are required to publish under Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulation.

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NOTE ON METHODOLOGY RELATING TO REPORTING ON SOCIAL AND ENVIRONMENTAL INDICATORS

Social and environmental indicators are reported following the guidance in the relevant Faurecia Core Procedure (FCP). The procedures form part of the Faurecia Excellence System (FES), which defines the working methods for Group employees worldwide and underpins the Group's identity.

The aim of the FCP covering environmental reporting is to organize the annual collection, compilation and communication of data in this area via a Group software operated by Tennaxia. The scope of reporting covers Group sites identified by the HSE managers in each Business Group (sites with a low environmental impact are excluded).

The Group software rolled out at the relevant sites describes, among other things, the list of indicators being reported, the checks, in particular consistency, carried out throughout the reporting process as well as the instructions for use.

The data, duly collected, checked and input into the software is approved at division, Business Group and Group level before being consolidated.

The FCPs covering employee-related matters notably define the reporting standards as regards headcount and other key employee data within the Group. All Faurecia group sites are covered. These procedures are based on monthly reporting via the Metis_HR software, which is then used to consolidate the data. Checks are carried out throughout the data reporting process, and at the end of this process the data are analyzed by the Group Human Resources department.

The environmental and social data in this Registration Document are independently audited by Ernst & Young et Associés. The opinion given in Section 12.5.2 summarizes their conclusions from their work.

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