

**COMMUNICATION ON PROGRESS
MAY 2013**

Faurecia's Code of Ethics establishes the fundamental rules of business conduct and ethical guidelines followed by all Faurecia employees and structures the Code of Conduct (Sourcing and Supply Chain) adhered to by the Group's business partners worldwide.

In addition to instilling a shared corporate social responsibility, it aims to ensure observance of all 10 Global Compact principles – including fundamental ones like:

Principles 1 & 2 - Businesses should support and respect the protection of internationally proclaimed human rights and make sure that they are complicit in human rights abuses.

Principles 4 & 5 - Business should uphold the elimination of all forms of forced and compulsory labour and the uphold the effective abolition of child labour.

Principle 10 - Business should work against corruption in all its forms, including extortion and bribery.

In this report we have chosen to focus on a number of initiatives linked to the Global Compact's Labour and Environmental principles.

LABOUR

Principle 3 - Businesses should uphold the freedom of association, and the effective recognition to the right to collective bargaining.

Social responsibility

To promote social dialogue, Faurecia has several platforms for discussion between top management and employees. The Faurecia European Works Council (FEWC) is a key forum for the sharing of information and exchange of views. Discussions typically span topics including economic and financial results, industrial strategy and growth, market positioning and any expected changes and key developments impacting the company, the workforce and working conditions.

At the beginning of 2012, the Group renegotiated the composition and functioning of the FEWC to create a new agreement targeting a more balanced representation from 2012-2016. The threshold for one seat at the FEWC has been lowered from 100 to 50 employees per country giving countries with a larger headcount 4 seats, medium-sized countries 2 seats and other countries with 1 seat. Today the FEWC consists of 25 committee members representing over 43,000 employees across 16 European countries.

The FEWC holds quarterly sessions, and an annual plenary meeting attended by employee representatives, HR directors, trade union and economic specialists and executive committee members. To help employee members contribute more fully, additional resources were provided for training and translation/ interpretation for discussions.

Measurement

- The Group's policy of active social dialogue, through the FEWC and other national employee consultation groups resulted in 316 agreements signed in 22 countries, including Brazil, Mexico, Tunisia and Argentina - a significant uplift from 250 agreements made in 2011.
- 26% of agreements focused on wages and benefits, 20% on profit sharing schemes and 30% related to working conditions.

Principle 6 - Businesses should ensure the elimination of discrimination in respect of employment or occupation

Respect for the development of individuals

The Group's success depends on the skills, motivation and contribution of its people. Thus Faurecia's human resources approach focuses on the development of individuals through a variety of programmes that seek to train and develop our people in job-related, management or leadership skills, improve industrial operations, and instill the Group's corporate values and ethical standards. Ongoing training is tailored to the profile and career aspirations of individuals - to develop future leaders, to improve intercultural awareness for better career mobility or to enhance operational skills in the day-to-day work environment. The Faurecia Excellence System, the culmination of 10 years' internal development and external benchmarking, provides the framework for ensuring continuous improvement across all the Group's operations.

Measurement

- In 2012, the Group provided 1.6m hours of training – a 3% growth on 2011. 77.5% of employees received training for average of 22 hours.
- Faurecia University – which focuses on the development of future leaders – significantly expanded in 2012, training 2346 people from 32 countries. Five new programmes were introduced, including modules to improve intercultural awareness, for example for teams in China and Russia.
- The involvement of staff is one of the key aspects of the Faurecia Excellence System (FES). In 2012, FES expanded its training of senior specialists and HR managers with the aim of better enabling them to train and develop their teams and improve industrial excellence. 216 people across the Group were trained in 2012, up from 190 in 2011. In addition, 850 managers from production sites received training, focusing on the seven principles of FES.
- Whether in plants or R&D centers, every employee is encouraged to share improvement ideas – from optimising production processes, to improving working conditions. In 2012, the number of improvement ideas per employee rose to 14.3 in 2012 vs 13 in 2011.

External recognition of good HR policies and employment practices

Faurecia measures internally the feedback and engagement of its employees. External recognition of our HR policies and employment practices also helps benchmark our progress.

- In 2012 in Poland, Faurecia was rated as the best place to work in the automobile industry, across four criteria: management style, organisational culture, innovation and stability of employment. The evaluation was given by a panel of 1500 HR specialists and managers organised by recruitment specialists Antel International
- Faurecia was also named one of China's 100 best HR management companies by 51job, the country's top provider of human resources solutions. The award is presented to international companies that excel in human resources policy, particularly recruitment.

Diversity

Developing, encouraging and capitalising on diversity is essential in an international Group. During 2012, Faurecia pursued initiatives to improve diversity through developing awareness internally and externally.

- At Faurecia's headquarters in Nanterre, the Group organized a week of events in November 2012 promoting awareness on disability in the workplace. These included an information campaign, group discussions and a series of workshops to explore the experiences of people with disabilities
- 11 Faurecia sites in Germany participated in a series of " Girls' and Boys' " open days to introduce high school students aged 10-16 to opportunities in industry and technology.
- To support female students in their career choices, Faurecia worked with the association 'Elles bougent' in France, to create a network of mentors among the Group's female engineers and technical specialists. Faurecia's TechCenter in Bavans, specialising in Emissions Control Technology, supported the annual French industry week initiative, by hosting 39 female high school and engineering students, with the aim of encouraging more gender diversity in future generations of engineers.

Societal initiatives

Given the Group's important industrial footprint across the world, Faurecia is also driven by an ambition to contribute positively to the local communities where we operate. There is a range of active initiatives across the Group, from collective regional campaigns to country programmes and individual site projects based on local community needs and the motivations of local employees.

North America: FUELS – (Faurecia Unites with Employees for Local Service)

FUELS mobilises 17,000 Faurecia employees across North America (USA, Canada and Mexico) behind a common cause to alleviate hunger through the donation of food and funds. The FUELS Community Food Drive began in September 2010 and each year has increased in activity (events, fundraising and collection of non-perishable food) and level of donation. A volunteer day is hosted at the food bank of each site to enable employees and their families to be involved in packing and distributing food items. In 2012, this amounted to 1,100 hours of service.

- In 2012, FUELS surpassed its target four times over – collecting over 300 tons of food – the equivalent of 730,000 meals
- Since 2010, Faurecia and its employees have provided more than 1.3m meals to neighbors in need through our 28 food bank partners

Portugal: a country-wide program for children in need

In 2012 Faurecia in Portugal decided to unite its teams in helping Rarissimas, a national association that supports patients, families and friends of children with rare diseases. Over 2700 employees across six sites worked together to collect clothes, food and toys between November and December.

Romania: community teaching program for young people

Staff from the Faurecia Interior Systems site in Pitesti, Romania created a six week education program called 'School of Values'. Through dedicated sessions in English, managers coached high school students in developing their skills, attitudes and values for their lifelong contribution to work and their community.

ENVIRONMENT

Principle 7 - Business should support a precautionary approach to environmental challenges

Principle 8 - undertake initiatives to promote greater environmental responsibility

Principle 9 - encourage the development and diffusion of environmentally-friendly technologies.

Environmental responsibility

Addressing environmental challenges is central to Faurecia's operations. The Group seeks to contribute to an improved environmental performance through the management of its industrial sites in terms of energy consumption, emissions and waste production as well as harnessing technological innovation in the design and manufacture of automotive products to reduce their ecological footprint.

Reducing environmental impact

In its products, Faurecia focuses on reducing environmental impact through emissions control technologies that decrease pollutants (particularly CO₂ emissions) or that recover and recycle energy, and by helping reduce vehicle weight – the biggest factor in diminishing cars' energy consumption. We also innovate in our product design through reuse of production waste and recycled materials to offer an ever-broader range of solutions that use bio-based materials.

Some examples of Faurecia solutions to reduce environmental impact include:

- SCR (selective catalytic reduction) blue box technology that strongly limits nitrogen oxide emissions (NOx) from the exhaust.
- Exhaust heat recovery manifold that reduces engine warm-up time and recovers energy generated by the exhaust for cabin heating. It has been shown to reduce emissions between 2-8g/km CO₂ for Ford C-Max Hybrid
- Using renewable and eco-friendly materials like natural fibers including wood, flax and hemp in manufacturing to make components both lightweight and more sustainable.

Reducing fuel emissions

Reducing the weight of a typical car by 100kg can reduce CO₂ emissions by around 8-10g/km. As Faurecia's automotive products account for around 20% of the total vehicle mass, R&D has focused on developing components that contribute to lighter cars. Over the past three years, we have succeeded in making products 20-25% lighter in order to reduce overall fuel consumption.

Some examples include:

- Induction brazing technology that offers a 30% weight reduction in exhaust systems for B-segment cars like the Ford B-Max.
- Lightweight concept for inner dash insulator using a patented three-layer technology that provides 30% weight reduction, the equivalent of 6kg. This design received a PSA Innovation Award in 2012.
- New seat mechanisms that deliver a 25% weight reduction, with new generation seats now 10kg, a gain of 4kg per seat

Making more efficient manufacturing processes

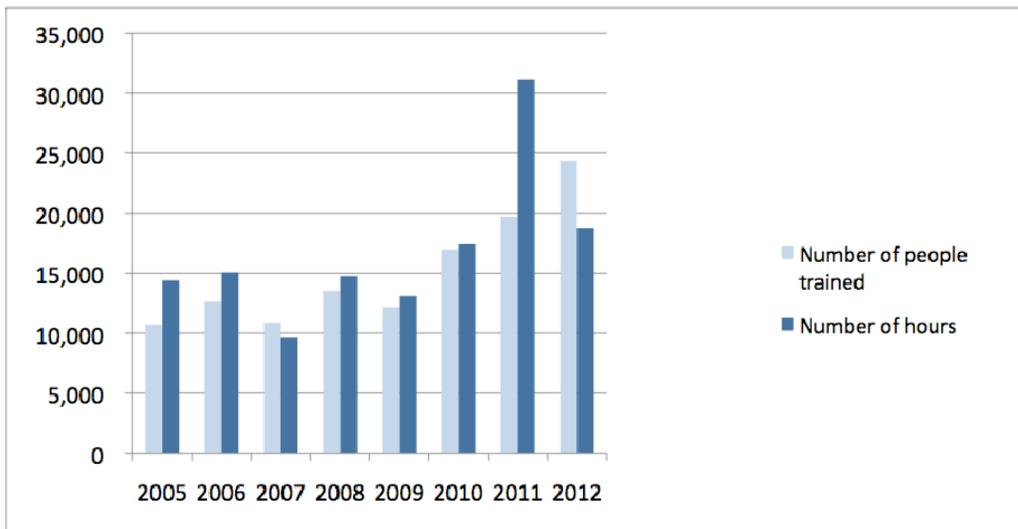
Faurecia also innovates to make mass manufacturing cleaner, more environmentally responsible and more efficient. We introduced a NewTech modular paint line for bumpers first in France in 2011 and subsequently in Brazil in 2012. It consolidates several painting processes into one beginning-to-end approach and has delivered an improved environmental performance by:

- cutting power consumption by 25%
- reducing pollutant emissions by 95%
- reducing paint consumption
- providing better ergonomics and improved working environment for operators

Industrial activities and the environment

Faurecia monitors environmental factors at its industrial sites in order to ensure continuous improvement. This is partly driven by our ambition to achieve ISO 140001 certification at our sites. In 2012, overall the Group invested €12.6m in improving industrial equipment, of which €2.9m was targeted specifically at environmental performance. 154 sites across the world are now ISO 140001 certified (compared to 148 in 2011) – accounting for 65% of all industrial sites. Some 40 are developing individual action plans with the aim of a certified environmental management system in place.

Environmental awareness and specific training programmes are a key part of developing environmental responsibility at a Group and individual level. In 2012, this amounted to 18,705 hours of training to 24,370 employees – around 32% of Faurecia’s total headcount.



The environmental indicators we monitor focus on key areas such as water consumption/water discharge, energy consumption and atmospheric emissions, consumption of raw materials, waste management.

Measurement

- Energy consumption decreased by 12.2% compared to 2011 in proportion to number of hours worked.
- Atmospheric emissions from natural gas, liquefied petroleum gas and fuel oil decreased 4.9% compared to 2011, as their respective consumption declined. Decrease in fuel consumption helped decrease emissions of N2O, CH4 and NO2 emissions by 4.4%, 2.8% and 4.3% respectively
- Across 214 sites, consumption of water decreased by 8.4% compared to 2011 in proportion to the number of hours worked – from 26.7 litres to 24.5 litres per hour
- Of 121 sites that are subject to self-monitoring by local authorities, 86% met local standards in relation to waste water discharge
- The Group produced 203,187 tons of waste in 2012, a similar amount to that of 2011, but a decrease of 12.8% when calculated by number of hours worked – 1.28kg per hour compared to 1.46kg in 2011.
- The amount of hazardous waster generated in 2012 decreased slightly from 2011 to 16 287 tonnes.
- Of this amount, 13,472 tonnes were directly reused as raw materials

