

3.Q. Social indicators

The social indicators presented below were established on the basis of the provisions of Articles L225-102-1 and R225-104 of France's Commercial Code.

The Valeo Group has chosen to base its social indicators on data from all of its companies worldwide. There are some exceptions to this, which are listed on a case-by-case basis.

Valeo continued the step-by-step improvement of its indicator system in 2008 across all ten of its product families, its Service division activity and the Group holding companies. The reporting scope covers a total of 121 production sites, 61 R&D centers and 10 distribution platforms spread across 27 countries.

3.Q.1. Employment

3.Q.1.1. Number of employees

3.Q.1.1.1. Change in employment over 3 years

	2006	2007	2008
Engineers and managers	12,134	11,294	11,468
Administrative staff, technicians and supervisors	11,198	9,307	8,243
Operators	41,126	34,303	29,899
Registered headcount	64,458	54,904	49,610
Temporary staff	5,206	6,148	1,531
Total headcount	69,663	61,051	51,140
including:			
Permanent staff	59,969	51,791	48,631
Temporary staff	9,695	9,260	2,509

At December 31, 2008 the Group employed 51,140 people worldwide, down 16.2% from 2007 and down 26.6% from 2006. The reduction in headcount results primarily from the sale of the wiring harness business (Valeo Connective Systems Product Family) in late 2007, disposal of the truck engine cooling business, and preliminary measures to redimension the workforce in response to the first effects of the crisis in the fourth quarter of 2008.

Temporary staffing levels (fixed-term contracts and agency personnel) continue to decline significantly. In 2008 they were down

72.9% compared with 2007, reflecting the Group's efforts to cut the number of jobs with little stability and Valeo's initial measures to deal with the downturn in activity in late 2008. On a consolidated basis, temporary staffing declined sharply to 5% of total headcount in 2008 compared with 15% in 2007 and 14% in 2006.

The percentage of engineers and managers continues to rise. At year-end 2008 it stood at 23.1% of registered headcount, compared with 20.6% in 2007 and 18.8% in 2006.

3.Q.1.1.2. International composition of Group workforce

The Group's growing worldwide presence is reflected in the increasingly international composition of its workforce: Today, 70.8% of employees are based in a country other than France, compared

with 47.8% in 1995. This percentage has held fairly stable in the past years, however (71.2% in 2007 and 71.5% in 2005).

The disposal of the truck engine cooling business in Sweden and the United States (approximately 900 employees) accounts for part of the decrease from 2007 to 2008.

Total headcount outside France

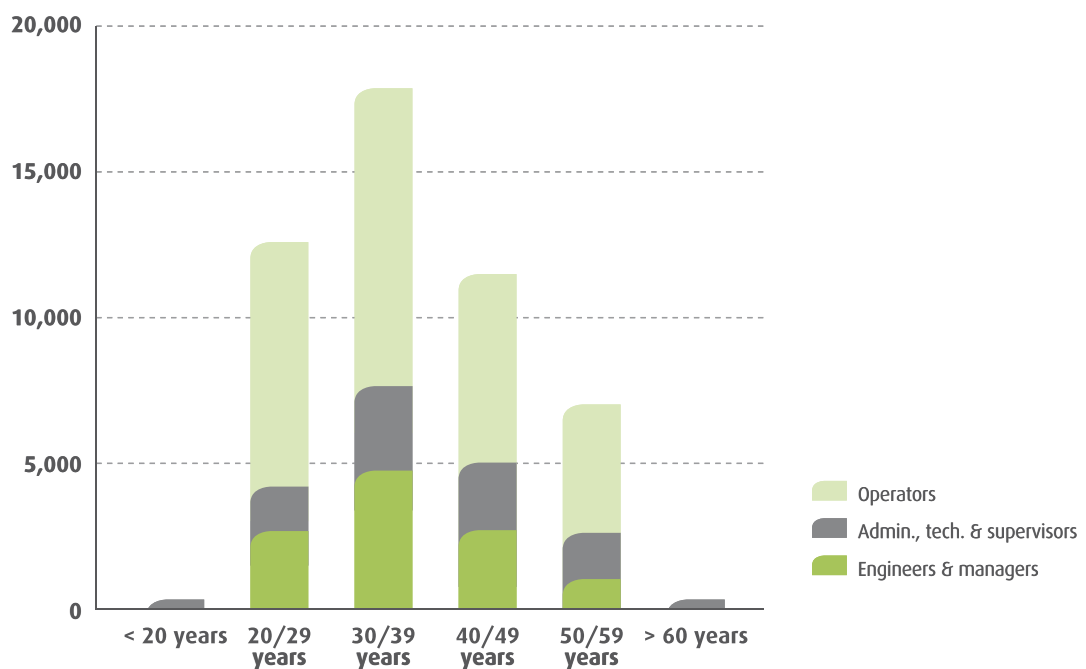
1995	2000	2005	2007	2008
14,125	50,002	50,273	43,484	36,220

	Western Europe	Eastern Europe	Africa	North America	South America	Asia
Total headcount at December 31, 2008	24,684 48.3%	8,312 16.3%	1,087 2.1%	4,670 9.1%	3,904 7.6%	8,484 16.6%

Compared with 2007, headcount increased by 0.3 point in Western Europe, 0.7 point in South America, and 2.2 points in Asia but decreased by 0.9 point in Eastern Europe, 0.4 in Africa, and 2.1 points in North America.

3.Q.1.1.3. Generational turnover

Registered headcount by age bracket



At December 31, 2008, the breakdown of the Group's permanent workforce was as follows:

- 0.6% aged under 20;
- 25.2% aged 20 to 29;
- 36% aged 30 to 39;
- 23.2% aged 40 to 49;
- 14.3% aged 50 to 59;
- 0.7% aged 60 or over.

42% of engineers and managers are in the 30–39 age bracket, compared with only 35% of administrative staff, technicians and supervisors and 34% of operators. 25% of operators are in the 20–29 age bracket.

Because of the large numbers of new staff recruited each year, generational turnover is significant.

3.Q.1.2. New hires

With its strong corporate image and experience, the Group did not encounter any particular problems with recruitment during the year, apart from certain highly localized difficulties concerning positions requiring advanced specialization or specific language skills and in catchment areas where competition for skilled labor is tough.

3.Q.1.2.1. Permanent contracts

Number of hires on permanent contracts

	2006	2007	2008
Engineers and managers	1,890	1,207	1,724
Administrative staff, technicians and supervisors	849	484	540
Operators	5,581	5,360	3,430
TOTAL	8,320	7,051	5,694

In 2007 Valeo imposed strict limits on external hires of structural personnel (engineers, managers, supervisors) in order to favor internal mobility. The lifting of these limits during almost all of 2008 was followed by a rise in the number of such hires. However, in the last quarter of 2008, in response to the first effects of the crisis, Valeo again imposed a nearly complete freeze on external hires, requiring jobs to be filled when necessary via internal mobility. As a result, the number of new hires on permanent contracts decreased by 19% across all socioprofessional categories.

Hiring of engineers and managers increased considerably, rising to 30% of new hires in 2008 from 17% in 2006 and 23% in 2007.

In contrast, hires of production operators were not affected by the hiring freeze in 2007 but were heavily impacted by declining production volumes in late 2008. New hires of operators declined significantly as a proportion of total hires, falling from 76% in 2007 to 60% in 2008.

Breakdown of hires on permanent contracts by geographic area

	Western Europe	Eastern Europe	Africa	North America	South America	Asia
Total permanent hires, 2008	1,140 20.0%	1,548 27.2%	143 2.5%	632 11.1%	1,002 17.6%	1,230 21.6%

The primary focus of the Group's recruitment efforts was in the high-growth areas: Eastern Europe and Asia.

3.Q.1.2.2. Fixed-term contracts

Number of hires on fixed-term contracts

	2006	2007	2008
Engineers and managers	239	73	131
Administrative staff, technicians and supervisors	239	82	93
Operators	6,876	3,980	1,616
TOTAL	7,354	4,135	1,840

A total of 1,840 new hires on fixed-term contracts were made during the year, a decrease of 55.5% compared with 2007 and 75% compared with 2006.

Employees on fixed-term contracts occupied 978 posts at December 31, 2007, compared with 3,112 in 2007 and 4,489 in 2006.

Breakdown of hires on fixed-term contracts by geographic area

	Western Europe	Eastern Europe	Africa	North America	South America	Asia
Total fixed-term hires, 2008	1,136	286	32	155	1	230
	61.7%	15.6%	1.7%	8.4%	0.1%	12.5%

Compared with 2007, the number of new hires on fixed-term contracts increased by 7 points in Western Europe, 8 points in Eastern Europe, and 1.6 points in Asia but decreased by 7.7 points in North America and 9.1 points in Africa.

3.Q.1.3. Departures

	2006	2007	2008
Contract terminations	3,153	2,007	4,167
of which layoffs	1,017	607	2,238
Resignations	4,723	4,029	3,937
Early retirement	162	160	191
Retirement	640	668	417

Valeo terminated 4,167 contracts in 2007, representing 8.6% of permanent staff (3.9% in 2007, 5.3% in 2006).

Layoffs for economic reasons accounted for slightly more than half of total contract terminations in 2008 versus less than one-third in 2007, 2006 and 2005.

The rise in layoffs reflects the first workforce redimensioning measures taken by Valeo in response to the worldwide automotive industry crisis and the closure of one of Valeo Wiper Systems' sites in the United States.

Early retirements and retirements amounted to 1.2% of the permanent headcount (1.6% in 2007, 1.3% in 2006).

Resignations remain one of the principal reasons for departures, representing 8.1% of the permanent headcount in 2008 (7.8% in 2007, 7.9% in 2006). By socioprofessional category, resignations represented 10.5% of engineers and managers on permanent contracts, 5.7% of administrative staff, technicians and supervisors on permanent contracts, and 7.6% of operators on permanent contracts.

Breakdown of 2008 Departures by geographic area

	Western Europe	Eastern Europe	Africa	North America	South America	Asia
Layoffs	394 17.6%	385 17.2%	22 1.0%	890 39.8%	540 24.1%	8 0.3%
Dismissals	610 31.6%	351 18.2%	2 0.1%	347 18.0%	503 26.1%	117 6%
Resignations	1,032 26.2%	1,345 34.2%	112 2.8%	672 17.1%	221 5.6%	555 14.1%
Early retirement	150 78.7%	1 0.5%	0 0.0%	30 15.7%	0 0.0%	10 5.1%
Retirement	279 66.9%	36 8.6%	2 0.5%	33 7.9%	1 0.2%	66 15.8%

Information on headcount reduction and employment protection plans, transfers, rehiring and assistance measures

Valeo is firmly committed to a forward-looking employment and skills management policy. When the necessity of optimizing its industrial facilities is manifest, Valeo undertakes restructuring operations. When it does so, the Group works in concert with its labor organizations and uses all available mechanisms for finding alternative employment, including internal transfer, outplacement, takeover of the plant by another owner, and reindustrialization of local labor pools.

The headcount reduction programs launched in 2008 involved seven of the Group's ten Product Families (compared with six in 2007)

as well as the Service activity, for a total of 1,248 persons (679 in 2007). In addition to the Service activity, the Product Families concerned in 2008 are: Valeo Climate Control, Valeo Engine Cooling, Valeo Compressors, Valeo Lighting Systems, Valeo Interior Controls, Valeo Wiper Systems and Valeo Security Systems.

Under restructuring plans that were completed in 2008, 758 of the 799 employees affected found other work or departed voluntarily, a success rate of 94.8% (compared with 70.8% in 2007). Of these, 12.6% were internal transfers, 6.5% were outplacements, 30.2% were retirements or early retirements, 22.7% were voluntary departures, and 22.9% fell into other categories.

3.Q.2. Organization of the work week

3.Q.2.1. Length of the work week

Full-time employees

The work of employees within the Group's 121 production sites, 61 R&D centers and 10 distribution platforms is organized on the

basis of statutory work weeks, which vary between countries and range from 35 to 48 hours.

The most widespread statutory work week is 40 hours.

In France, the agreement on reduction in working time, signed with labor unions on April 20, 2000, sets the applicable work week as follows:

Engineers and managers	215 days per year
Administrative staff, technicians and supervisors	35 hours per week
Employees without paid overtime hours	37.5 hours per week
Operators	35 hours per week

Part-time employees

Part-time work is considered to be any work schedule with fewer hours than the standard work week at the entity in question. Average work hours for part-time employees consequently varies from 16 to 36 hours per week, depending on the country and the socioprofessional category.

3.Q.2.2. Shift patterns

Distribution of personnel by work schedule, %

	2006	2007	2008
Day workers	43%	44%	48%
Two 8-hour shifts (2x8)	30%	24%	23%
Three 8-hour shifts (3x8)	20%	24%	23%
Night workers	5%	6%	5%
Weekend workers	2%	2%	0%

Most production employees work in teams assigned to 2x8, 3x8, or night shifts in order to optimize plant utilization. In 2008 there were 25,770 shift workers, representing 51.9% of total headcount.

These part-time employees were distributed as follows: Engineers and managers: 8.3%; Administrative staff, technicians and supervisors 17.3%; Operators: 74.4%.

3.Q.2.3. Overtime

In 2008, 4,897,136 hours of overtime were paid (5,596,662 in 2007, 6,554,338 in 2006), 82.5% to production workers (84% in 2007, 81% in 2006).

This paid overtime corresponds to a bit less than 5% of total possible work hours (i.e., the maximum number of hours that could be worked by all Group employees).

3.Q.2.4. Part-time

1,204 employees were working part-time in the Group in 2008 representing 2.4% of the registered headcount (2.5% in 2007, 1.9% in 2006 and 2005).

Women accounted for 79% of this number (74% in 2007, 75% in 2006).

3.Q.2.5. Absenteeism

In 2008 the Group-wide absenteeism rate (ratio of hours of absence to total possible work hours) was 2.71%. The reasons for absences broke down as follows: absence due to illness, 82.9% (82.1% in 2007), unauthorized absence, 4.0% (5.5% in 2007), authorized absence such as unpaid leave, 4.0% (4.2% in 2007), accident at the workplace or during travel, 3.7% (4.0% in 2007), strike, 2.7% (1.5% in 2007), suspension, 0.3% (0.4% in 2007), other reasons, 2.3%.

Absenteeism in France ranks at the median for the Group with a rate of 2.86%.

3.Q.3. Equality between men and women in the workplace

3.Q.3.1. Male–female breakdown

Valeo places great importance on equality between men and women in terms of career development, training possibilities, wages and salaries, and rank within the company.

Valeo draws up a comparative male–female status report for the Group’s French companies every year. This report serves as a basis

for annual negotiations between labor and management on targets for male–female equality in the workplace and on measures to achieve these targets.

The proportion of women among engineers and managers in the Group has been rising: In 2008 it was up 0.9 point from 2007 and up 1.2 points from 2006.

Breakdown of women by socioprofessional category

	2006	2007	2008
Engineers and managers	17.1%	17.4%	18.3%
Administrative staff, technicians and supervisors	26.5%	26.3%	25.5%
Operators	46.0%	39.2%	38.9%

Through partnerships with leading French business schools and associations such as Elles Bougent, Valeo is striving to increase the percentage of women among its employees. As the table below shows, however, the proportion of women among recruitments on permanent contracts declined in 2008 taking all socioprofessional categories together.

Proportion of women among recruitments on permanent contracts over 3 years

	Engineers and managers		Administrative staff, technicians and supervisors		Operators		Total	
	Women	%	Women	%	Women	%	Women	%
2006	414	21.9%	184	21.7%	2,268	40.6%	2,866	34.4%
2007	337	27.9%	146	30.1%	2,298	42.9%	2,781	39.4%
2008	419	24.2%	179	33.2%	1,205	35.1%	1,205	31.7%

3.Q.3.2. Diversity

The Valeo Group operates plants in 27 countries and is thus highly diversified.

In 2008 the Group’s workforce comprised employees of 92 different nationalities.

The ten most prevalent nationalities in Valeo divisions are French, German, Brazilian, Polish, Chinese, Mexican, Spanish, Korean, Czech, and American.

The countries where Valeo has the largest number of nationalities are France (63 nationalities), Germany (45), Czech Republic (26), United States (22) and Italy (21).

The two most diversified divisions are Valeo Wiper Systems in Germany, with 24 nationalities represented in a workforce of 1,447 employees, and Valeo Interior Controls in Germany, with 20 nationalities in a workforce of 873 employees.

3.Q.4. Labor relations and collective bargaining agreements

Valeo has developed an active contract labor relations policy. In 2008 Valeo entities entered into a total of 267 labor agreements in 16 countries (compared with 213 in 2007 and 359 in 2006). These agreements addressed various subjects and were negotiated under national laws.

Among these agreements, 94 (35.2%) related to working time, 72 (27.0%) to salaries, 17 (6.4%) to profit-sharing and incentive plans, and 36 (13.5%) to premiums or bonuses.

In some countries, such as France, Italy, Germany, and Mexico, many meetings took place with labor unions, leading not only to formal and informal exchanges but also to the signing of multiple agreements. Examples of some of these agreements are described below.

Western Europe

- France: 2008 wage agreements, agreements on profit-sharing and incentive plans, agreements on forward-looking job and career management, agreements on organization of work hours and leaves, agreements on male-female equality, agreements on pensions, health, insurance benefits, and labor provisions in company bylaws;
- Italy: agreements on organization of work hours and leaves, unemployment benefits and long-distance mobility;
- Germany: agreements on organization of work hours and leaves, agreements on payments of premiums;
- Spain: collective bargaining agreements, agreements on organization of work hours and leaves.

Eastern Europe

- Czech Republic: collective bargaining agreements, wage agreements;
- Romania: collective labor agreement;
- Hungary: wage agreements and agreements on cost reduction plans;
- Turkey: collective bargaining agreements.

North America

- Mexico: wage agreements, agreements on organization of work hours and leaves.

South America

- Brazil: wage agreements, collective bargaining agreements on employee profit-sharing and incentive schemes;
- Argentina: wage agreements, collective bargaining agreements.

Asia

- Japan: wage agreements, agreements on payments of premiums, agreements on organization of work hours and leaves;
- China: agreement on employment contracts;
- Korea and Thailand: wage agreements.

Africa

- Tunisia: agreements on organization of work hours and leaves.

The European Works Council includes representatives from the following countries: Belgium, Czech Republic, France, Germany, Hungary, Ireland, Italy, Poland, Romania, Slovakia, Spain and the United Kingdom. The enterprise agreement on the European Works Council was revised in July 2008.

The Council met six times in 2008.

The countries in which employees are fully or partially covered by a collective bargaining agreement are the following: Argentina, Belgium, Brazil, Czech Republic, France, Germany, Hungary, India, Italy, Japan, Mexico, Romania, South Africa, South Korea, Spain, Thailand, Tunisia, Turkey, and the United States.

3.Q.5. Health and safety in the workplace

In matters of safety and working conditions, the objective is to come ever closer to a zero accident rate.

Valeo makes workplace health and safety a top priority. Systematic audits are performed by external consultants to assess and control risks better and to improve the quality of Valeo's Group-wide standards.

In 2008 in keeping with its principles of continuous improvement, Valeo expanded deployment of its tools for analyzing each work-related accident or incident. These tools were introduced in 2006 and fine-tuned in 2007.

The relevant information system, supplemented in 2007 to share knowledge of best practices and improve risk eradication, was likewise deployed at all Group sites in 2008.

In addition, Valeo strengthened its safety training program with a preventive safety module aimed at raising employees' awareness of the risks associated with certain behaviors. Preventive safety training was introduced at pilot sites in 2008.

Lastly, Valeo maintained its preventive program for musculo-skeletal disorders and other occupational illnesses, initiated in 2007 with its "Well-being and efficiency at the workstation" project that applies to both production and administrative jobs. The method of identifying high-risk work positions and dangerous situations that was formalized in 2007 is now being deployed across all Group sites.

In addition to systematic audits, Valeo uses three indicators to gauge the effectiveness of the measures taken:

- number of all work-related accidents (with or without lost work time) and accidents involving potential risk of bodily injury (indicator implemented in 2006);
- frequency rate (number of accidents causing lost work time per million hours worked);
- severity rate (number of days lost because of work-related accidents per thousand hours worked).

In 2008 the number of work-related accidents (with and without lost work time) and accidents involving potential risk of bodily injury was 3,225, down almost 35% compared with 2007. There were 515 accidents leading to lost work time, a 7% decrease compared with 555 in 2007 (763 in 2006).

Generally speaking, the main causes of accidents leading to lost work time were bodily injury associated with machinery or processes, 47.4%, or with ergonomics, 22.4%.

Group

	2006	2007	2008
Frequency rate*	5.55	5.47	5.24
Severity rate**	0.15	0.14	0.13

* Frequency rate: number of accidents leading to lost work time per million hours worked.

** Severity rate: number of days lost because of work-related accidents per thousand hours worked.

France

	2006	2007	2008
Frequency rate	11.35	8.94	9.72
Severity rate	0.28	0.21	0.21

In France the frequency and severity rates for work-related accidents are lower than the industry average by 15.08 and 0.84 points respectively (source: CNAMTS 2007 – latest survey).

In 2008 14.6% of training hours provided within the Group were devoted to safety, up 1.6 points compared with 2007.

The percentage of people who have received at least one safety training session rose from 48% in 2007 to 53% in 2008.

3.Q.6. Remuneration

3.Q.6.1. Changes in remuneration and social charges

(In millions of euros)	2006	2007	2008
Payroll excluding social charges	1,532	1,517	1,496
Social charges	402	399	367
Pension expenses for defined contribution plans	105	96	88
Total loaded payroll cost	2,039	2,012	1,951
Loading rate	33.1%	32.6%	30.41%

(In millions of euros)	2006	2007	2008
Personnel costs (including temporary staff)	1,699	1,686	1,625
% of sales	18.0%	17.6%	18.8%

Breakdown by geographic area in 2008

	France	Europe excluding France	Outside Europe
Payroll excluding social charges	607	512	377
Social charges	204	90	73
Total loaded payroll cost	811	602	450
Loading rate	33.6%	17.6%	19.4%

The highest headcount is in France, with more than 14,921 employees.

Wage and salary increases in 2008 averaged 2.8% against a backdrop of a 1% inflation rate.

Twelve wage agreements were signed in 2008 in the 15 French companies of the Group with employee representative bodies and unions (80% of compulsory annual bargaining agreements signed). Seven agreements (47%) were signed by the majority of the unions and four (27%) were agreed unanimously.

3.Q.6.2. Profit-sharing, incentive plans and employee savings schemes

3.Q.6.2.1. Profit-sharing

Three of the Group's 15 French companies set aside a special profit-sharing reserve in respect of 2008 in the amount of 1,622,000 euros.

3.Q.6.2.2. Incentive plans

Incentive plans at three of the Group's 15 French companies entitled employees of those companies to receive a total of 817,000 euros in incentive payments in respect of 2008.

3.Q.6.2.3. Employee saving plans

Group savings plan

French employees can invest sums awarded under profit-sharing and incentive schemes, as well as voluntary contributions, in a Group Savings Plan (PEG) set up on November 13, 2001, under a collective agreement signed by Group Management and four labor unions. Voluntary contributions are matched by Valeo up to a limit of 250 euros per year per employee. A rider to this agreement was agreed on September 17, 2008.

This agreement applies only to the French companies of the Group.

At December 31, 2008, 11,291 employees were members of the Valeo PEG (down 3.8% compared with December 31, 2007). Note that over the same period, the Valeo's workforce in France decreased by 9.6%, dropping from 54,904 employees at December 31, 2007 to 46,609 employees at December 31, 2008. At December 31, 2008, employee members of the Valeo PEG accounted for 76.2% of the registered French headcount (14,815 registered employee at December 31, 2008), compared with 75.3% in 2007.

In total, assets invested by employees in the Valeo PEG amount to 33,356,478.98 euros spread across six common funds of the PEG. Investment management of these common funds was entrusted in 2008 to Crédit Agricole Asset Management and BNP Paribas Asset Management.

Employee stock ownership plan

In late 2004 the Group introduced an employee stock ownership plan, Valeorizon, and 14% of employees in sixteen of the countries where Valeo operates have subscribed.

At December 31, 2007, the Valeorizon fund held 133,626 shares, and the Valeorizon + fund held 806,702 shares. At December 31, 2008, Valeo employees who owned units of the Valeorizon or Valeorizon + Funds held 1.2% of the shares of Valeo SA.

In 2008 the account-keeping function for employee savings accounts was subcontracted to a single service provider, CREELIA, a subsidiary of Crédit Agricole Asset Management. (Previously, account-keeping was performed by Natixis Interépargne for the PEG and by Société Générale for the Valeorizon and Valeorizon + funds.)

3.Q.7. Training

Trends in training over the past three years

In 2008 expenditures for training amounted to 25,223,395 euros, up 1.2% from 2007 but virtually unchanged as a percentage of payroll excluding social charges (1.7% in 2008 1.6% in 2007).

In keeping with its training policy, the Group also maintains the level of its outlays so as to benefit the greatest number of employees. Thus, 82% of its employees participated in at least one training program during the year (81% in 2007), for an average of 26 hours per person.

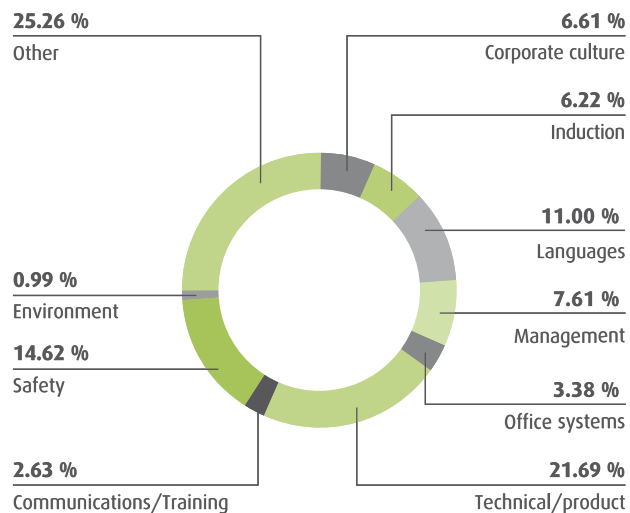
Training hours continue to be split in roughly stable proportions between training for particular job positions (64%) and training to develop new skills in the same discipline or to acquire broader skills in preparation for internal mobility (36%).

Average expenditure per person trained increased by 10.5%, from 560 euros to 619 euros, despite a slowdown late in the year.

The Group also stepped up its contribution to youth training, taking on 1,272 interns (40.3% women) and 877 apprentices (29.6% women). In addition, 282 trainees (33% women) were taken on under France's international internship program (VIE).

	2006	2007	2008
Number of training hours given	1,696,645	1,172,356	1,065,792
Training expenditure	€31,249,239	€24,922,581	€25,223,395
Number of employees trained	56,116	44,523	40,730
% of total employees trained	85%	81.1%	82.1%
■ Engineers and managers	90.4%	87.0%	87.6%
■ Administrative staff, technicians and supervisors	87.5%	78.5%	85.7%
■ Operators	82.7%	79.9%	79.0%

Breakdown of training hours by subject category, 2008



Average number of training hours by socioprofessional category

	2006	2007	2008
Engineers and managers	44	41	38
Administrative staff, technicians and supervisors	33	37	38
Operators	25	18	18
TOTAL	30	26	26

The Group remains committed to deploying training through various means of instruction. A variety of training formats are used not only to accommodate time and geographic mobility constraints but also to provide means suited to the topics covered and to the mode and pace of individual learning. These means include:

- face-to-face or remote sessions (by videoconferencing, telephone, etc.) conducted by outside specialists or Valeo experts, where exchanges of experiences and best practices can take place between participants;
- internal on-site training efforts involving local management, particularly for enhancing operators' flexibility and multi-skilling;
- online self-training modules (Valeo C@mpus), with or without tutoring, either to acquire theoretical basics before a session in the classroom in the field or as part of a more individualized training curriculum, in stages over time with intervening periods of actual practice or even coaching.

The Group also covers all categories of training.

In 2008 Valeo emphasized training in safety and ergonomics with its "Well-being and efficiency at the workstation" project (14.6% of total training hours for 53% of registered employees). This project is deployed as an e-learning course (currently available in ten languages) and then as practical exercises at the workstation. The sessions are led jointly by line managers and safety managers and entail a high degree of participation by the staff involved. They are aimed at preventing musculo-skeletal disorders arising from strain injuries and reducing the risk of accidents.

Valeo also gave priority to training in quality assurance methods and tools, including "QRQC" (Quick Response Quality Control). QRQC is a technique for detecting, analyzing, and treating quality deficiencies of all kinds, not just in products but also in terms of purchases, accidents, and so on. This explains the increase in the "other business topics" category, which rose from 21.3% of training hours in 2007 to 25.3% in 2008.

At the aggregate level, across all countries and business lines, training in integration and corporate culture remains substantial (12.8%), as does training in languages and cross-cultural relations (11%) given the Group's worldwide presence and the growth in cross-entity relationships.

To support the Group's innovation and technological development policy, programs to convey knowledge of materials, products, production systems and manufacturing processes continue to rank highest in number of training hours given, accounting for close to 22% of the total. These programs, led by Group technical experts or outside specialists, are constantly evolving under the guidance of the R&D department and the Valeo Technical Institutes of the Product Families.

Training requirements are analyzed to ensure consistency with assessments of the skills needed to perform the job, business developments and internal mobility. Individual Career Development Plans are constructed in three stages: training, practical application and experience.

3.Q.8. Employment of persons with disabilities

When it revised its Code of Ethics in 2004, Valeo reaffirmed its commitment to promoting respect for human dignity and value in the workplace as well as equal rights for all workers. Accordingly, the Valeo Group participates in programs to foster employment and training of workers with disabilities.

A total of 756 employees with disabilities were working for the Group at December 31, 2008, a decrease of 2.7% from the previous year.

In France there were 428 employees with disabilities at December 31, 2008 (466 at year-end 2007 and 608 at year-end 2006), representing 2.9% of registered headcount. The total value of subcontracting and service contracts with work aid centers and organizations employing workers with disabilities was close to 1.4 million euros in 2008 (3.7 million euros in 2007).

3.Q.9. Social and cultural activities

In most of the countries in which it operates, the Group makes financial contributions to sports, educational, cultural and charity organizations. In 2008 33.6 million euros, or 2.3% of total payroll excluding social charges, was channeled to social benefits programs.

In France, Valeo devoted 10.3 million euros, or 1.7% of total payroll excluding social charges, to social benefits programs in 2008 (11.8 million euros in 2007, 11 million euros in 2006). These amounts break down as follows: 25% on cafeteria facilities and restaurant vouchers, 12% on cultural outings, 8% on transport subsidies, 5% on sports clubs and recreational activities, 7% on medical services and vaccination campaigns, 3% on daycare and holiday camps for employees' children, 0.25% on charitable works, 1% on libraries, and 39% on other kinds of activities.

In addition, Valeo has a sustainable development culture that involves it in a number of social, societal and environmental initiatives.

To measure the progress and the reach of these efforts, the Group in 2008 implemented special reporting on relevant local, national and international initiatives. The information in the first set of these reports demonstrates that Valeo is a major player in the life of local communities, especially as a provider of institutional support, a promoter of culture and education, an organizer of transport, a contributor to employee health and a provider of housing aid.

As part of its spending for sustainable development, each Group site may have reason to interact with the local population.

A majority of the people employed at Valeo sites are drawn from the surrounding labor pools.

The plants forge relationships with local authorities and government departments in order to integrate themselves into the regional economy to the greatest extent possible. Ties are also developed with educational institutions, universities and professional schools with a view to fostering interchanges, training and recruitment of future employees.

3.Q.10. Subcontracting

Valeo engages subcontractors to perform specific services at its sites, such as cleaning, maintenance, IT and administrative support, and security guard services.

Subcontracting expenditures amounted to 192.6 million euros in 2008 or 12.9% of Group payroll costs excluding social charges. In France, this line item amounted to 98.8 million euros, or 16.2% of total payroll excluding social charges.

The Group is vigilant in ensuring that its subsidiaries comply with fundamental principles of national and international labor law in their dealings with subcontractors and also that subcontractors and suppliers observe the provisions of the Valeo Code of Ethics relating to fundamental human rights.

Valeo has undertaken to require all of its suppliers worldwide to adopt the same kind of commitments to sustainable development that the Group has made. To this end, a document titled "Valeo Requirements for Suppliers" was drawn up and translated into 15 languages in 2007. This document was sent to 2,750 Valeo suppliers throughout the world, with the request that they accept the requirements set forth in it and agree to be audited by Valeo on these matters.

3.Q.11. Company role in youth training and employment

3.Q.11.1. International perspective

Valeo is maintaining and strengthening its policy of relationships with higher education institutions, notably by developing partnerships with internationally known universities and engineering schools and fostering diversity within its teams.

In 2008 the Group participated in a large number of forums and events where it could make contact with future graduates: the Atuge forum in Tunisia, the Best forum in Cracow (Poland), the Athens forum, Women in Leadership (France), as well as gatherings organized at the universities of Wuhan and Changchun (China).

Valeo also sponsors ShARE, an association comprising students from Asia's top-rated universities, and took an active part in organizing its global seminar in Beijing last December.

3.Q.11.2. In France

To help meet its recruitment requirements in France, Valeo has strengthened its partnerships with educational institutions, including:

- Supélec, in connection with the PERCI program for teaching and research in cooperation with industry;
- UTC (Compiègne) and ENS (Cachan), thanks to development of scientific collaboration programs;

- ESTACA, by sponsoring the activities of the *Elles Bougent* association;
- Audencia Nantes, through a partnership set up to help create an engineering program;
- ESIGELEC engineering school, under a new partnership agreement between Valeo and the school.

Valeo has also participated actively in numerous school forums, including those organized by ENSAM Paris, Supélec, Centrale Paris, Mines de Paris, ESEO Angers, Ecole des Pétroles et Moteurs, ESO, Supméca, ENSEA, HEC, ESSEC, ESCP-EAP, IEP Paris, EM Lyon, Audencia Nantes, and EDHEC. The Group took part in the Ouest Avenir forum in Brest, the UTC in Compiègne, the one-day procurement trades conference in Grenoble and the Rencontre forum in Lille.

In addition, Valeo sponsors the *Elles Bougent* association, through which it is able to promote careers in transport among secondary school students, and participated actively in the apprenticeship promotional campaign conducted by FIEV (the French trade association of vehicle component suppliers) and the apprenticeship forum organized by CEFIPA in Bagneux.

At the same time, Valeo strengthened its relations with the ParisTech network by participating in two Athens meetings open to non-French students at leading Paris engineering schools.