



Communication in progress



2010



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1. Social/societal

1.1. Social and societal initiatives

1.1.1. Well-being at work

The economic problems in the auto sector, which began at the end of 2008 and continued throughout 2009 and 2010, have led to necessary workforce changes. It should be underlined that Group's strategy has focused on voluntary departures, and that it has done everything possible to support both those employees who have left the company and those who have kept their jobs.

➤ **Supporting employees whose jobs have been cut**

When the job cuts due to the global economic crisis were announced, psychological support units were set up so that employees could talk to people outside the company about their concerns, issues and observations. Support units for restructuring projects were also systematically set up at the French companies affected. The advisers were tasked with analyzing the professional situations of employees, informing them about the options available to them (e.g. an internal or external change in employment, creating or taking over a business, training and life projects) and supporting them in implementing their individual plans.

These measures were implemented during the Group reorganization at sites affected by job losses, and were successful, since most job cuts involved voluntary redundancies.

➤ **Negotiating an agreement on "Well-being at work": the first stage in France**

After those reorganizations, it was very important to focus on the Valeo employees still in place. The Group's Human Resources department therefore began negotiations with employee representatives, initially in France, on the theme of "Well-being at Work".

A method agreement was signed by all the trade union organizations at Group level in March 2010. The aim of the agreement was to define the terms of future negotiations on "Well-being at Work" and to launch a survey of the industrial relations climate right across the workforce. Due to the agreement, "Well-being at Work" committees were also created at each French site. The main task of the committees is to assess the collective situation of employees in terms of working conditions and psycho-social risks, analyzing the results of the survey and proposing and monitoring appropriate improvements.

Substantive negotiations were concluded in October 2010 with the signing of a majority agreement. The agreement led to the creation, in collaboration with employee representatives, of a range of potential measures for possible deployment at the French sites.

In the final quarter of 2010, the 13,000 French employees, as well as temporary employees and contractors working for the Group for more than three months, took part in the industrial relations survey. This continued in 2011 with a qualitative survey (individual and/or group interviews), with a report scheduled for June 2011. The results will be used to establish action plans.

The project will be rolled out to the other countries in which Valeo operates, after any necessary improvements and cultural adjustments have been made.

1.1.2. Share plan

To associate Valeo's employees more closely with the Group's performance and to enhance their feeling of belonging, the Board of Directors, at the proposal of the Group's General Management, resolved at its meeting of 24 June 2010 to allocate three free shares of Valeo to all employees with permanent or temporary contracts, with a year of continued employment at the Group at 24 June 2010 (three months of employment in France).

To take into account national differences in employee share ownership legislation, the free share allocation plan was structured as follows:

- in France: a two-year acquisition period, followed by a two-year retention period
- in Italy and Spain: a two-year acquisition period, followed by a three-year retention period
- in other countries: a four-year acquisition period.

To facilitate communication on the subject, the Group's Human Resources department created two intranet sites:

- The first site is for the global HR network, enabling the Group to share essential information about the plan with the HR services of each country, including beneficiary lists by country, the schedule of events and presentations of the various plans.
- The second site was created for all the Group's employees, providing information on the practical implementation of the plans in their respective countries. Employees can download the regulations and the information document issued in the fourth quarter of 2010.

Free shares were allocated to 42,992 employees (97% of eligible employees). Group management is considering repeating this type of operation in future years (subject to approval by the General Meeting on each occasion).

1.1.3. A new monitoring tool for social and societal measures on sites

➤ Aim of the reporting

Valeo has created a shared intranet site called “Plant Initiatives”, which lists all the societal and social initiatives on Valeo sites in a single document.

The sites’ HR departments use this tool to create two documents: one listing social initiatives and the other listing societal initiatives.

Both documents are divided into three sections:

- initiatives carried out in 2009 (which we have already reported)
- recurrent initiatives
- new initiatives carried out in 2010.

The tool makes feedback easier and enables more detailed monitoring of company action.

This new tool also offers automatic consolidation of the initiatives taken by all the sites. This database for country HR departments aims to give them new ideas for practical measures to establish at their respective business units and enables the sharing of good practices.

➤ Results analysis

A new monitoring tool for local initiatives was set up in early 2011, to register new initiatives implemented in 2010 and initiatives recurring after 2009.

The tool has been successful, with all Valeo sites taking part in the survey. This scale of involvement demonstrates Valeo's commitment to social and societal projects.

Statistical analysis

Most of the measures taken in 2009 were repeated in 2010 (89% of Valeo’s sites repeated at least one social measure taken in 2009 and 82% of them repeated at least one societal measure taken in 2009).

New initiatives were registered during 2010:

- 74.4% of sites set up at least one new social measure
- 63.2% of sites set up at least one new societal measure.

More precisely, the information gathered for the period from 1 January to 31 December 2010 shows the following:

Of the sites setting up at least one social measure:

- **67%** set up at least one new **health and safety** measure
- **52%** set up at least one new **leisure and cultural** measure
- **48 %** set up at least one new **education and training** measure
- **27%** set up at least one new **transport** measure.

Of the sites setting up at least one societal measure:

- **62%** set up at least one **environmental** measure
- **57%** set up at least one measure relating to **insertion and involvement in the life of the local community**
- **41%** set up at least one new **solidarity** measure.
- **34%** set up at least one new **health** measure.

NB: Individual sites may have set up several initiatives in different areas.

➤ **Key examples of social and societal initiatives**

Transport

- The Tuam (Ireland) and Angers (France) sites organized information campaigns to promote the use of bicycles, in order to limit car use and reduce CO2 emissions.
- The Rio Bravo (Mexico) site set up a “Safety Driving” campaign, to increase employee awareness of road hazards and limit numbers of road accidents.
- The La Suze (France) site raised employee awareness of carpooling through information campaigns. The site compiled a list of carpooling websites for employees.

Health and safety

- The Issoire (France) site took part in a week devoted to disability issues, which took place from 15 to 21 November 2010 in France. By taking part in the event, the site aimed to promote employment of disabled people.
- The Skawina (Poland) and Juarez (Mexico) sites offer breast cancer screening to all Valeo employees.
- The San Luis Potosi (Mexico) site organized awareness campaigns to encourage employees at the site to have balanced meals. The site’s cafeteria now prepares these types of meals.
- In Juarez (Mexico), Valeo invests in employee health and safety. The issue of violence against women in the region prompted the Group to set up a series of measures to improve the daily lives of its employees. The site has voluntarily set

up a free bus service for its workers. The service provider is committed to respecting very strict rules for driver conduct. The aim of this measure is to protect the Group's female employees from assault. Female employees are also provided with free breakfast, lunch and dinner onsite so that they do not have to leave the premises during working time. Valeo has also set up a medical facility so that employees and their families have access to a doctor and free medicines.

Environment

- New recycling campaigns were launched at several sites in 2010. The Saragossa (Spain), San Luis Potosi (Mexico), Greensburg (US), Wuxi (China) and Kyong Ju (South Korea) sites have provided employees with containers for recycling various products, such as batteries, wood, paper, plastic, CDs and glass.
- To point out the World Environment Day on 5 June 2010, Valeo organized its own environmental week, from 7 to 11 June 2010. Several sites, including Changchun (China), Chraznow (Poland), Martos (Spain), Sao Paulo (Brazil), Blois (France), Saint-Florine (France), Skawina (Poland) and La Verrière (France) held a wide range of events to celebrate the week.

Focus on initiatives implemented by two sites:

The **La Verrière** (France) site implemented three key initiatives:

- 1) During the week, the site sent daily emails to all employees to remind them of the importance of environmental preservation.
- 2) Clothing donations were organized at the site for the Emmaus homeless charity. This initiative was a real success, with about 500 kg of clothing donated.
- 3) The site also organized an "Environment Festival", which included a buffet of organic fruit juice and "own brand" cakes made by employees. Two trees were also planted.

The **Foshan** (China) site implemented three key initiatives:

- 1) E-learning sessions on the theme of the environment were held during the week.
- 2) An HSE (hygiene, safety and environment) engineer gave a presentation on topics relating to the environment and sustainable development, to raise employee awareness.
- 3) The site asked employees to write down their resolutions and the actions they planned to take to preserve the environment.

The main initiatives planned by employees were:

- reduced use of plastic bags
- increased use of public transport
- double-sided printing
- separating recyclable and non-recyclable waste.

Insertion and involvement in local community life.

- Several sites make donations to local schools. The Juarez (Mexico) and Cordoba (Argentina) sites have donated furniture and shelving to schools.

- The Istanbul (Turkey) and Itatiba (Brazil) sites donate their old PCs to schools. The Istanbul (Turkey) site donates used Valeo parts to a professional automotive college, for students to use as test parts.

- The Timisoara (Romania) site recruits interns from local schools.

- The Changchun (China) site offers students career advice and job-seeking sessions.

1.2. Skills integration and development policy

1.2.1. Women in the Valeo Group

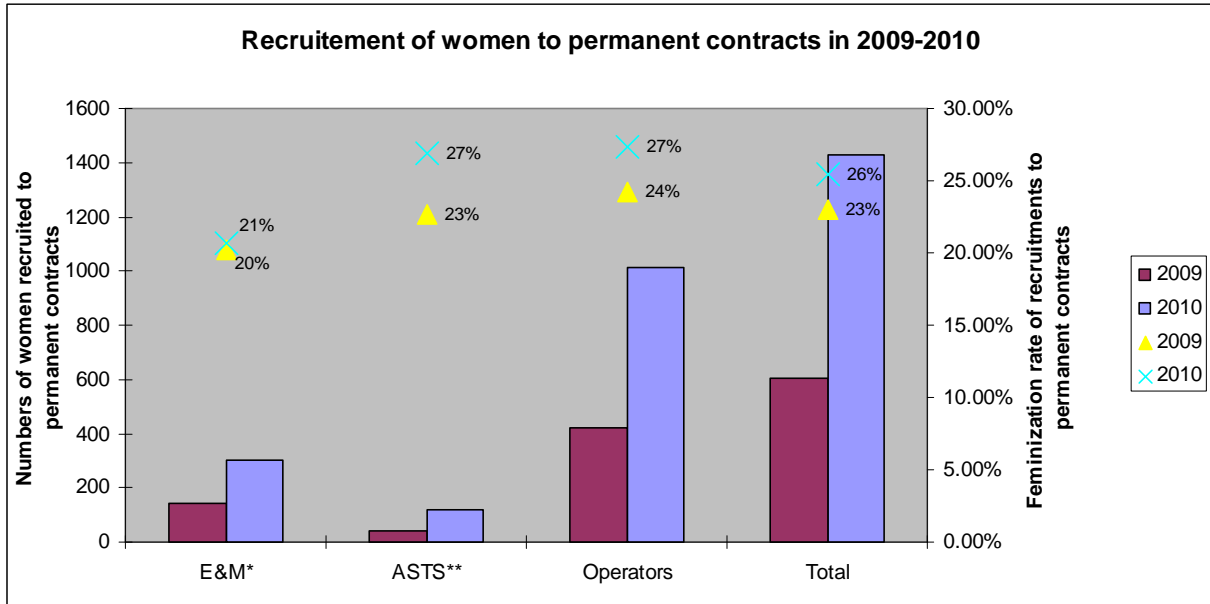
Promoting gender equality is an integral part of Valeo's strategy. The Group aims for equality in career development, positioning in the organization and access to training and compensation.

In December 2010, female employees accounted for 30% of Valeo's workforce.

The French sites provide comparative status reports for male and female employees. Once this reporting is consolidated at legal entity level, it is used as the basis for yearly negotiations with employee representatives on targets for professional gender equality and on the measures to implement in order to achieve these targets.

In France, 54% of legal entities have signed a professional gender equality agreement. The Group's aim is for 100% of the legal entities to have signed an agreement by the end of 2011, or, failing this, to be covered by an action plan.

Recruitment policy demonstrates that Valeo is increasing the proportion of women in its workforce. Since 2009, numbers of women recruited to permanent contracts have increased in all professional categories.



* E&M : Engineers and Managers

** ASTS : Administrative staff, technicians and supervisors

To promote diversity and female inclusion in the company, Valeo has been sponsoring the "Elles bougent" (Women on the Move) association since 2006.

This high-profile association includes professional federations, higher-education institutions and companies in the aerospace, automotive, rail, maritime and energy sectors.

It aims to help young female college or university students along the route to engineering training and to increase awareness among parents and leaders in the education sector about career opportunities for engineers in these sectors, by presenting the activities of these companies.

By sponsoring the "Elles bougent" association, Valeo aims to increase the numbers of young women training as engineers, raising awareness of and promoting the automotive parts business through our support. The Group also aims to promote diversity among its workforce by attracting young female engineers who will help to develop Valeo's future activities, both in France and abroad.

Valeo also helped to organize an "Elles bougent au Mondial de l'automobile" (Women on the Move at the Paris Motor Show) day, held by Women on the Move: 100 college and university students visited the Paris Motor Show 2010 with the association's sponsors. Valeo welcomed these 100 young women to its stand to show them the Group's various business activities and technologies, and took part in a conference organized by the association to meet the sponsors and find out about their professional careers.

Valeo also took part in the Top Women - Top Careers forum in Brussels, which organizes meetings between international companies and engineering or business school candidates with fewer than five years' experience. The candidates are pre-selected by Careers International according to the positions available at the Valeo Group.

Lastly, Valeo took part to “La Parisienne” road race (Paris/France) in 2008 and 2010. This sporting and friendly event for women enables the company to mobilize and bring together its female employees, strengthening team spirit and cohesion, developing a dynamic company image and demonstrating its commitment to health and well-being to its employees and customers. The event was also an opportunity to take action against breast cancer: donations were collected from participating companies and employees.

1.2.2. Jobs for young people

The Group is heavily involved in the training and employment of young people, both in France and world-wide.

It took on 2,593 interns, 713 apprentices and 150 international corporate volunteers in 2010, providing training in an operational setting for all those involved and in many cases offering subsequent employment.

In order to promote its youth employment and insertion policy, Valeo develops partnerships with internationally reputable schools and universities, and takes part in a large number of forums to meet male and female students from different countries.

➤ Partnerships

Our many partnerships with universities and schools include:

- Supélec, as part of PERCI (*Programme d'Enseignement et de Recherche en Coopération Industrielle* – Programme of Teaching and Research in Industrial Cooperation)
- IFP School, after completion of a partnership agreement for the development of shared teaching initiatives in the area of innovative automotive technologies ;
- Audencia Nantes, as part of a partnership for the development of an engineering path
- ESEO, as part of research into embedded systems.

Valeo also sponsored the student association ShARE, which brings together students from the most reputable Asian universities, and played an active part in organizing this association's global seminar in Shanghai, China, in december last year.

➤ Forums

The Group took part in several international forums in 2010:

- The Franco-German forum in Strasbourg
- The international corporate volunteering form organized by UbiFrance

- The Top Women – Top Career forum in Brussels
- School forums, including those held by Arts et Métiers Paristech (France), Centrale Paris-Supélec (France), UTC Compiègne (France), Audencia Nantes (France), Hubei University of Automotive Technology (China), Wuhan University (China), Tokyo Kogyo (Japan) and Anna University (India).

Its development of various partnerships and frequent participation in forums demonstrates Valeo's commitment to promoting diversity in its workforce.

1.2.3. Training

The Group's training strategy aims to enhance the skills of employees using different teaching methods. This strategy can be adapted for time or geographical constraints, for the topics covered and individual learning style and pace, using:

- **Guided classroom or distance sessions** (e.g. virtual lessons, videoconferences, telephone courses) held by external trainers or Valeo experts, which encourage the sharing of experience and good practice between participants.
- **Training on the ground**, involving local management, to build the versatility and the skills range of operators, or delivered by the 5 Axes Schools, to reinforce knowledge of Valeo's working tools and methods.
- **Self-training online modules** - Valeo C@mpus - with or without tutoring, to acquire the theoretical bases needed for a classroom or practical session, or to create individual training programmes over a period of time, alternating theoretical teaching with periods of tutored practical work.

Valeo is aware that training is a lever for increasing staff motivation and loyalty, and therefore pursued its training initiatives in 2010.

Real progress was made in training in 2010 compared with 2009, in terms of both numbers of people trained and in training investment:

- in 2010, 81.4% of employees took part in at least one training initiative, compared with 77.1% in 2009
- training investment increased by 25% in 2010 compared with 2009
- training investment accounted for 1.73% of total payroll costs in 2010, compared with 1.49% in 2009
- in 2010, the average investment per person trained increased by 9.7% compared with 2009.

2. Environment

2.1. *Measures to improve safety, efficiency and reliability on Valeo's sites*

2.1.1. Environment, health and safety management systems certified by third parties

Valeo, which applies the **ISO 14001** and **OHSAS 18001** international standards, is pursuing its commitment to reduce its environmental impact and improve the health and safety of its employees year on year.

Since 1998, Valeo has pursued ISO 14001 certification for industrial sites of which it has more than 50% ownership, and for its distribution sites. At the end of 2010, 98% of Valeo's sites were ISO 14001-certified.

The OHSAS 18001 standard has also been applied at all the Group's sites since 2007. The standard ensures that the risk prevention systems set up by Valeo are reliable. In 2010, 89% of Valeo's sites were OHSAS 18001-certified, demonstrating the Group's progress in the management of occupational health and safety. These figures are in line with the targets of 100% ISO 14001 certification and OHSAS 18001 certification set for 2012.

2.1.2. Overhaul of site auditing procedures for better integration of sustainable development criteria

Using the Group's risk management policy contained in its Risk Management Manual, Valeo is improving its site auditing procedures.

Regular inspections are carried out by external, independent consultants to verify application of the risk management policy. This auditing programme has been deployed for the past 20 years and is an integral part of risk reduction strategy. All the sites are audited every three years.

The audits are designed to assess the sites' performance and progress made in the areas of the environment, occupational health and safety, ethics, building and facility safety, facility security and information.

The results of the audits are used to prioritize risks and action plans are drawn up for the sites.

The external consultant scores each site on the basis of these objective criteria. The final scores are sent to General Management.

As well as the "traditional" areas mentioned above, a sustainable development audit was also set up in 2010. This expands the scope of the audit criteria, adding in ethical, social and societal aspects. These measured criteria help to assess site sensitivity to the

challenges of sustainable development and ensure the implementation of the Sustainable Development Charter.

2.1.3. Measures for continuous improvement of environmental performance in Valeo's plants

Due to its presence in 27 countries, Valeo has industrial sites in several continents. To reduce the impact of its activities on the environment and to integrate sustainable development as far as possible into its manufacturing process, Valeo has developed a generic plant concept.

This means that:

- Plants are mostly located close to customer sites. Plants are built in existing industrial areas to take advantage of local infrastructure and qualified subcontracting.
- When it selects locations, the Group carries out systematic audits to identify possible environmental damage (pollution of soil and groundwater), hazardous or particularly sensitive areas in the vicinity and potential natural risks (flooding, earthquakes).
- During site building or rehabilitation, sustainable development criteria are applied to plant construction, working conditions, plant operating conditions, regulatory compliance, Valeo's risk prevention standards, optimum consumption and reduced emissions and waste.
- As well as constraints and specifications of all kinds (e.g. architectural, environmental and organizational), the key factor is the creation of a project team, which from the start involves environmental and site safety consultants. The project team aims to anticipate the various life phases of the site (construction, operation, extension and closure) and to provide the best possible solutions in terms of sustainable development.
- The operational phase of the sites is guided by Group directives, which govern the health and safety of employees as well as the environment, safety and security of the facilities. If soil or groundwater pollution is suspected during this phase, it is investigated and appropriately treated if necessary.
- When it sells or shuts down activities the Valeo Group has audits carried out, which usually include investigations of soil and groundwater to establish whether these have been affected during the operational phase. If pollution is detected, appropriate steps are taken. If a site is permanently shut down and while waiting for a buyer, all waste, raw materials, products and equipment are removed and site maintenance continues.

Note that a large majority of the environmental indicators increased in terms of energy consumption and resources in absolute terms, due to strong growth in activity in 2010 compared with 2009. However, consumption as a percentage of turnover decreased for a large majority of indicators.

2.1.4. Improving prevention and reduction of nuisance and pollution on sites

Reducing external and internal nuisances and pollution is a priority for Valeo. This aim applies as much to the performance of the products developed by the Group as to the processes used to produce them.

The activities of Valeo's sites produce little noise, particularly since Valeo has ensured that new sites are built away from residential areas.

To standardize its practices, Valeo has developed a Group directive that describes processes and practices to limit noise in the plants. For several years the Group has also been developing a policy to install more collective protection equipment (noise-producing tools with protective elements to reduce the noise produced), whilst raising employee awareness of the importance of wearing personal protection equipment.

Measures are also taken to prevent olfactory nuisances: for example, emissions from volatile organic compounds (VOCs) can affect the well-being of local residents, and measures and processes have therefore been put in place to reduce at source the use of these compounds and the emissions they produce. These improvements include the replacement of solvent-based paints with water-based paints and the elimination of trichloroethylene in the manufacture of clutch linings. In 2010, VOC generation as a percentage of turnover fell by 27% compared with 2009, a performance that highlights Valeo's commitment.

The sites in question are equipped with treatment systems for these odorous compounds to limit emission below the level of perception, including bio-filtration, absorption, condensation and incineration. Incineration is the most frequently used method.

This year the Group has also worked voluntarily with the ministry responsible for sustainable development, to make safe former sites that Valeo owned more than 30 years ago. This all-encompassing approach is part of a "citizen business" policy.

2.1.5. Increasing plant safety

Valeo has more than 100 operational sites world-wide, and site safety is therefore crucial to ensure that its business functions well. Valeo's policy is to protect sites as much as possible against natural and technological risks. A number of initiatives and measures have been put in place to achieve this:

- 77% of Valeo's sites are classified as HPR (Highly Protected Risk), with measures that include automatic sprinkler systems for fire protection and regularly trained teams to handle any risk situation
- All sites subject to seismic risk are built or adapted to the latest seismic standards

- Valeo's sites are located in non-flood areas or have flood risk protection measures in place
- Valeo's new sites are located away from sites of major potential risk (e.g. Seveso) that could have a domino effect on them
- The Risk Management Manual includes a specific directive governing prevention of crisis situations and emergency plans for deployment in various situations; under this Group directive, each site has to establish an emergency plan to combat foreseeable emergencies.

As part of overall risk management policy, Valeo has completed the final version of its VERM (Valeo Emergency and Recovery Management) tool for emergency prevention. This is a framework support tool for the design and establishment of emergency, crisis management and site relaunch plans and is included in the risk management system for each Valeo site.

The VERM approach improves the sites' capacity to act in any crisis situation. In terms of material and immaterial security, Valeo continues to strengthen site security measures (such as controlled access, videosurveillance and detection) to enhance security systems quality, and carries out physical and IT penetration tests to ensure that its security measures are effective. Basic aspects of performance, health, safety and security are regularly tested to enable improvements at the sites.

2.1.6. Increasing Valeo's corporate responsibility vis-à-vis its suppliers

As an automotive supplier, Valeo is at the center of the supply chain. The Group works with thousands of auto suppliers and is itself a supplier to a range of automakers.

Since it offers a broad range of innovative, secure and environmentally friendly products, Valeo is aware that it has to involve its suppliers and ensure that his supply chain is secure.

To this end, the Group creates long-term relationships with its suppliers, mainly based on mutually beneficial commitments that ensure reliability and durability.

This strategy was launched in 2009 with systematic internal audits of each supplier (about 2,400 suppliers in total) and a new assessment grid to identify any suppliers presenting risks.

Valeo also ensures that its suppliers comply with regulatory requirements. In implementing the REACH Regulation, Valeo identified all chemical substances in the "Very High Concern" category used by its suppliers. It subsequently questioned these suppliers about their strategies for the use of these substances and set up an appropriate policy according to the responses obtained. Valeo aims to use and sell only those products that respond to customer requirements, i.e. products that do not contain hazardous substances and products with the necessary regulatory authorizations.

By the end of 2010, this identification process had been completed for all Valeo's product lines, and enables the Group to set up a product-by-product analysis, mainly by favoring suppliers offering alternatives not containing hazardous substances.

Valeo thus aims to help promote and safeguard all of its principles, directing purchasing policy towards partners that are equally conscious of their responsibilities. To this end the Group has produced a document entitled "Valeo's requirements from suppliers", which has been translated into the Group's 15 main languages and distributed to suppliers. The suppliers are required to comply with the content of this document and to agree to possible auditing by Valeo to verify compliance. The document covers the Group's principle social concerns in relation to national and international regulation, fundamental rights, freedom of association, forced labor and child labor, combating discrimination and corruption, employment rights, worker health and safety and the environment.

2.2. Towards a carbon-free vehicle

2.2.1. Launching R&D programmes to develop green and innovative technologies

In 2010, Valeo produced a directive entitled the "Eco-Design checklist", which is a basic tool for product conception and establishing and structuring design around sustainable development criteria.

Valeo's R&D programmes are built upon the following two pillars:

- Anticipating technological breakthroughs, particularly in relation to electric and hybrid vehicles.
- Continuously improving the performance of vehicles with internal combustion engines. To this end, Valeo is developing innovative products that optimize management of electric, thermal and mechanical flows within the vehicle.

Valeo is also a partner in a number of European R&D programmes. Of the 60 projects in which Valeo is involved, 43 are dedicated to developing clean vehicles and the relative electronics.

Due to its close collaboration with the European Investment Bank, Valeo has also obtained further financing of EUR 75 million in addition to the loan of EUR 225 million already awarded, to finance R&D programmes with high added environmental and safety value. These programmes allow for fuel savings and emissions reduction, such as the hybridization solutions that have been developed. The loan falls within the European Clean Transport Facility framework.

2.2.2. Creation of a consortium to develop an industrial production chain for clean electric vehicles, initiated by Valeo

Valeo has begun developing new electric vehicles with the aim of presenting innovative and groundbreaking solutions. The aim of offering automakers a complete electric drive-train led to the creation of a consortium of leading French technology groups, the scope of which was clearly defined in 2010.

There are two main benefits in this: innovation in the best technologies and ensuring that each part is developed in the final interest of the vehicle. Each product therefore follows the same specifications, in terms of both reduced consumption/improved performance and reduced weight along the entire powertrain chain.

Valeo heads this consortium, which brings together industrial companies specializing in each of the areas that serve the range of requirements for electric propulsion:

- **Valeo** is responsible for two major parts of the drive-train: the electronics controlling propulsion and thermal management of the vehicle. Our skills mainly apply to engine function, vehicle safety, battery efficiency and thermal comfort for passengers.
- **Leroy Somer** provides the electric engine, which both ensures vehicle propulsion and recovers energy during deceleration to recharge the battery. Extremely compact and reliable, these new-generation synchronous engines increase vehicle autonomy and offer excellent driving performance.
- **Johnson Controls** is the world leader in lead-acid automotive batteries and advanced batteries for electric and hybrid vehicles. This technology is optimized in terms of safety, life duration and cost to equip electric vehicles.
- **GKN** completes the drive-train with reduction gear and axle shafts. These parts transmit engine power to the wheels with minimum losses and limit vibration and noise.
- **Michelin** provides very low energy consuming tyres, which helps to extend the autonomy of the electric vehicles. This performance has been achieved without compromising vehicle safety or tire longevity. The manufacturer is also contributing its expertise in ground liaison and in-wheel motorisation (Active Wheel project).
- **Leoni** develops high-tension cables to link the various parts of the drive-train (e.g. electric engine, battery and converter). A wide range of products, optimized particularly in terms of weight and cost, covers all electric vehicle configurations and requirements.

2.3. Energy efficiency and reducing the use of hazardous materials

2.3.1. Reducing overall energy consumption

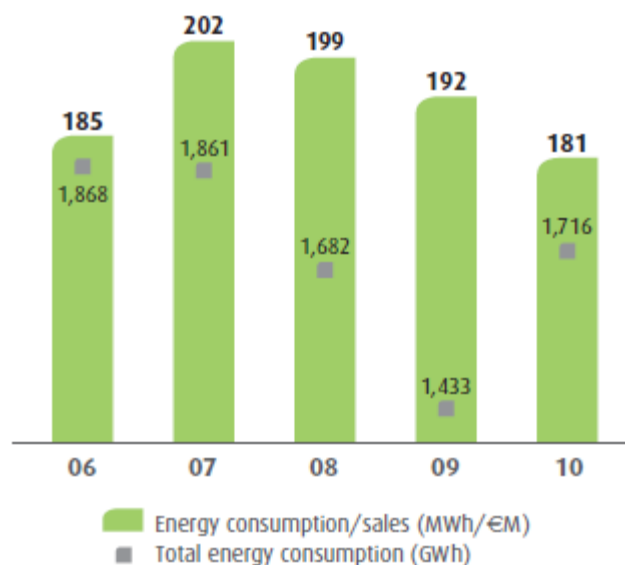
Valeo is aware of the need to optimize energy efficiency in its buildings and manufacturing processes, and has therefore stepped up its guidance in this area, launching a major campaign in 2010. The campaign aims to precisely identify good practice and areas for optimization to increase energy efficiency, and to disseminate this information to the sites so that they can implement the appropriate measures.

The campaign, which was organized with the support of an independent firm specializing in energy management and efficiency, rolled out as follows in 2010:

- In-depth audits of energy performance on selected Group sites
- Identification of actions/processes/equipment to increase energy efficiency, both in the very short term and via more long-term investments.

The campaign has been very successful in reducing energy consumption, as shown below:

Energy consumption



2.3.2. Continued elimination of hazardous products

Both products and the deployment of production processes may entail exposure to hazardous substances.

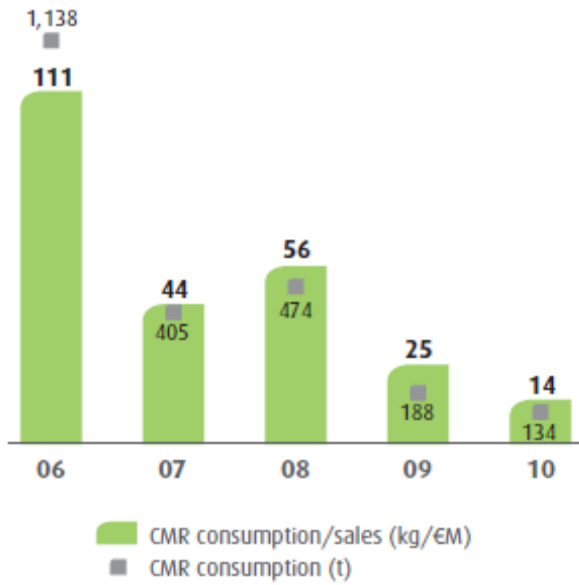
Hazardous substances generally have carcinogenic or mutagenic properties or toxic effects on reproduction, and as such could damage the health of anyone exposed to them, e.g. plant operators and vehicle repair workers.

As well as taking action in terms of products, the Group is also eliminating all hazardous substances used at its industrial sites.

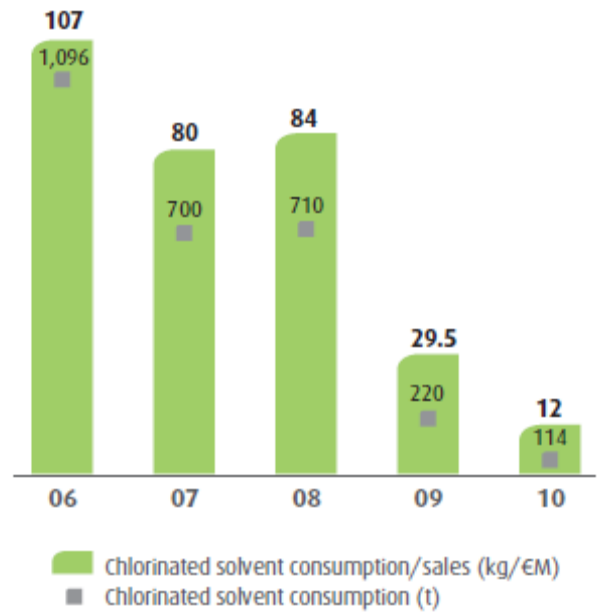
The new European CLP (Classification, Labeling and Packaging) legislation, following on from the GHS (Global Harmonized System), has been in place since 2008. The legislation stipulates that information on chemical risk assessment (part of REACH registration) must be included in new Safety Data Sheets.

As a result, consumption of chlorinated solvents and products hazardous to health were again reduced substantially compared with previous years, as the following charts show:

Consumption of carcinogenic, mutagenic and reprotoxic (CMR) substances



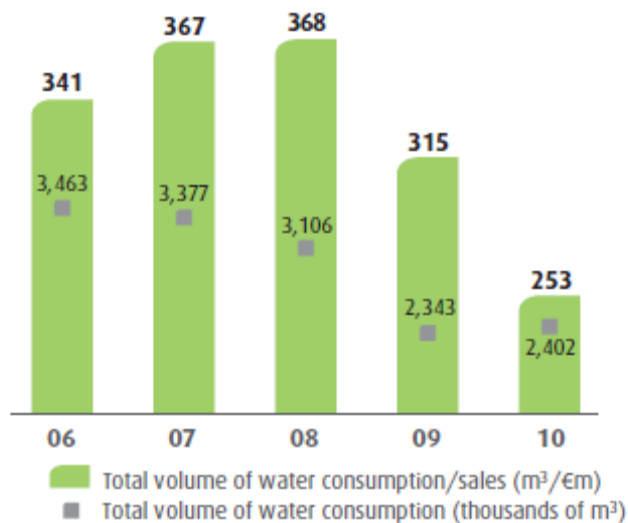
Consumption of chlorinated solvents



2.3.3. Reducing water consumption

Although Valeo has seen a marked upturn in activity at all of its sites this year, the Group has pursued its strategy of reducing water consumption, particularly at sites with scarce water resources.

3.A.2.3.5. Reducing water consumption



Since June 2008, the Campinas site in Brazil has been treating used water and reusing a proportion of 45%. The surplus treated water is used in a roof cooling system.

Initiatives are under way at Group sites to reduce consumption by introducing innovative solutions.

The San Luis Potosi site in Mexico, for example, has set up a green space watering system with reused and treated water, cutting watering costs by 50%.

Treated water represents 60% of total consumption. This site has also replaced its entire manually activated taps with economical automated taps, representing a water saving of 20%.