

Free translation of the French original, for information purposes only

INTERNAL PROCEDURES OF THE BOARD OF DIRECTORS

PREAMBLE

The purpose of these internal procedures is to further define the operating procedures of the Board of Directors of Valeo (hereinafter, the “**Company**”), in conjunction with the legal, regulatory and statutory provisions applicable to the Company.

These procedures apply to each member of the Company’s Board of Directors (hereinafter, the “**Board**”), and to each permanent representative of a legal entity that is member of the Board.

These internal procedures are consistent with the general principles of corporate governance.

ARTICLE 1 – INTERNAL OPERATION OF THE BOARD OF DIRECTORS

1.1 *Director’s Charter*

A Director’s charter is hereby established, the principles of which are the following:

(a) Before accepting the duties of his/her office, a Director must be sure that he/she is aware of the general or specific duties relating to his/her office. In particular, he/she must examine the applicable legal and regulatory provisions, the by-laws of the Company, these internal procedures, and any additional information provided by the Board, and comply with them.

(b) The Director must personally be a shareholder and possess no less than at least 500 Company shares (Board of Directors’ meeting dated July 27, 2010).

(c) Despite being a shareholder, the Director represents all shareholders and must act at all times in the Company’s best interest.

(d) The Director must inform the Board of any potential conflict of interest and must abstain from voting in connection with any matter as to which such a conflict of interest might arise.

(e) The Director must dedicate the necessary time and attention to the performance of his/her duties, in accordance with the legal provisions applicable to the holding of multiple corporate offices. He/She must be diligent and attend, unless prevented from doing so, all Board meetings and, as applicable, all meetings of Committees (as defined in Article 2 below) of which he/she is a member.

(f) The Director has a duty to remain informed. To this end, he/she must request from the Chairman of the Board (hereinafter, the “**Chairman**”), within a reasonable period of time prior to Board meetings, any information necessary to the carrying out of his/her duties.

(g) With regard to non-public information acquired in the performance of his/her duties, the Director shall consider him/herself to be bound by a duty of confidentiality that is more stringent than the simple obligation of discretion provided for by the law. He/she acknowledges that all information provided to him/her is done so solely within the framework of his/her duties on the Board and/or any Committee of the Board of which he/she is a member, and cannot be transmitted to a third party or be used beyond the exercise of his/her duties.

(h) Directors have a collective rather than an individual power. They carry out their duties at meetings of the Board and its Committees, which are the principal forum for debate and exchanges.

(i) The Director must abstain from any individual interference in social affairs, including through contact with the Group's management, employees, customers, shareholders and investors, unless he/she is entrusted with a specific mission by the Board or the Committee of which he/she is a member.

(j) The Board may also entrust one of its members with a temporary mission, paid or unpaid, for which said member shall provide feedback to the Board in due course.

(k) The Director is bound by a duty of loyalty.

(l) The Director may carry out transactions involving the Company's securities only if they are in accordance with the Code of Conduct adopted by the Company.

(m) The Director must, before making any public statement that is likely to have an impact on the economic or financial condition of the Group¹, regardless of the form such statement may take, provide the Chairman and the Chief Executive Officer ("CEO") of the Company with a draft of such statement, indicating the expected date of the statement and the means by which it is likely to be made, and, to the extent possible, coordinate and consult with them concerning the contents and relevance of such a statement in order to protect the Group's interests and, as applicable, those of the Director concerned.

1.2 *Composition and operation of the Board*

(a) The Directors whose appointment is presented at Shareholders' Meetings based on the Board's proposal, are done so based on proposals from the Nomination, Remuneration and Corporate Governance Committee.

(b) Each year, prior to the publication of the annual report, the Board evaluates the independence of the Directors. In connection with this evaluation, the Board examines on a case-by-case basis the qualifications of each of its members in light of the criteria mentioned below, the specific circumstances and the economic and financial situation of the Director concerned, the Company, and the Group, and the opinion of the Nomination, Remuneration and Corporate Governance Committee. The conclusions of this evaluation are presented to the shareholders in the annual report and to the Shareholders' Meeting when the Directors are appointed.

¹ The "Group" includes the Company and all its subsidiaries.

Independent Directors are those who have no relationship with the Company, the Group or management that is likely to compromise their judgment. In particular, Directors who meet the following criteria are presumed to be independent:

- (i) Those who are not an employee or corporate officer of the Company, or an employee or director of a company consolidated in the Company's financial statements, nor have been so in the past five years,
- (ii) Those who are not a corporate officer in a company in which the Company is, directly or indirectly, a Director, or in which an employee appointed in such capacity or a person who is currently a corporate officer of the Company or who has been a corporate officer of the Company within the past five years holds the position of Director,
- (iii) Those who are not a customer, supplier, commercial banker or investment banker of the Company or of its Group, in each case, which is material to the Company or its Group, or one for which the Company or its Group represents a significant part of the business,
- (iv) Those who have no close family relationships with a corporate officer,
- (v) Those who have not been an auditor of the Company within the past five years,
- (vi) Those who have not been a Director of the Company for more than twelve years as of the date on which they are appointed to their current office.

With respect to Directors holding 10% or more of the share capital or of the voting rights of the Company, or representing a legal entity holding such an interest, the Board, in reliance on a report from the Nomination, Remuneration and Corporate Governance Committee, will render a decision as to such Directors' independence, taking into account the composition of the share capital of the Company and the possible existence of a conflict of interest.

(c) The Board shall be convened by the Chairman, or in the event the Chairman is prevented from attending, by the Vice-Chairman or the Director temporarily appointed to the office of Chairman, by any means, including verbally. If the Board has not met for more than two months, Directors representing at least one-third of the members of the Board may request that the Chairman convene a Board meeting to deliberate concerning a pre-determined agenda. The Chief Executive Officer, in the event that the positions of "Chairman" and "Chief Executive Officer" are separated, may also, at any time, request that the Chairman convene a Board meeting to deliberate concerning a pre-determined agenda. The Chairman is required to accept any such request presented to him.

In the event that the Chairman is prevented from doing so, the Board may be convened either by at least one-third of its members, or by, if he/she is a Director, the Chief Executive Officer or by a Deputy Chief Executive Officer.

The Board shall meet at least six times a year, on dates communicated at the latest at the beginning of each fiscal year, and as necessary based on the best interests of the Company.

Directors may be represented in Board meetings by another Director in accordance with legal provisions and the Company's by-laws. The proxy must be given in writing. Each Director may hold, for any one meeting, only one proxy.

An attendance sheet shall be maintained and shall be signed by the Directors participating in each meeting of the Board. This attendance sheet shall indicate, as applicable, the names of the Directors participating in the meeting via videoconference or by any other means of telecommunication authorized by law and deemed to be present.

The meetings of the Board shall be chaired by the Chairman, or, in his/her absence, by the Director who may temporarily be assigned the Chairman's duties, by a Vice-Chairman or by any other Director appointed by his colleagues.

A Secretary of the Board, who may not be a Director, shall be appointed.

Directors may participate in the deliberations of the Board by any means of videoconference or telecommunication that allow such Directors to be identified and that guarantee such Director's effective participation. Such Directors shall be deemed to be in attendance for purposes of calculating quorum and majority, except for the adoption of decisions provided for, respectively, in articles L. 232-1 and L. 233-16 of the French Commercial Code, that is, preparing the Company's annual unconsolidated financial statements and management report, as well as the consolidated financial statements and the Group management report. If this procedure is used for certain meetings, the Chairman shall so indicate in the convening notice. The Directors concerned must contact the Secretary of the Board at least two (2) working days before the date of the meeting (except in case of emergency) so that technical information may be circulated and that tests may be carried out before the meeting.

The deliberations of the Board shall only be deemed valid if half of its members are in attendance or deemed to be in attendance, regardless of the number of members represented. Decisions shall be approved by a majority of attending members and members deemed to be present or represented. In the case of a tie, the Chairman of the meeting shall have the deciding vote.

After each meeting, minutes of the meeting shall be drawn up and signed by the Chairman and a Director. A draft of these minutes must be communicated to all Directors beforehand, no later than two weeks after the meeting. Without being too detailed, these minutes shall contain, in addition to the information required by applicable legal provisions, a summary of the discussions and decisions taken, with a brief mention of questions or objections raised, as well as an indication of any technical incidents relating to the videoconference or other means of telecommunication used which disrupted the meeting.

(d) The Board collectively represents all of the shareholders of the Company, regardless of the Board's composition or the origin of its members.

1.3 *Information of Directors*

The Chairman or the Chief Executive Officer shall provide the Directors, in a timely manner, with the information and documents necessary for the Directors to fully execute their duties and responsibilities.

To the extent practicable given applicable confidentiality obligations, within a reasonable time prior to any Board meeting and, except in case of emergency, no later than 48 hours prior to any such meeting, the Directors shall receive a notice relating to the issues on the agenda that require the prior analysis and deliberation of the Directors. This notice may include the

Group's business plan and a market analysis of the core businesses, performance indicators used by management, minutes of Committee meetings, extracts of management monitoring, information enabling to understand the business forecasts for the months ahead (orders, etc.), cash forecasts at least for the next three months, and indicators relating to working capital requirements.

Any Director who was not able to consider a matter with all necessary information available to him/her has an obligation to inform the Board thereof and to request from the Chairman (or the Chairman of the Committee involved) any additional information he/she deems necessary to carry out his/her duties. In general, each Director shall receive all information necessary for the carrying out of his/her duties. Subject to any applicable confidentiality obligations, any Director may request that the Chairman or the Chief Executive Officer provide him/her with all relevant documents. Prior to their being delivered to the requesting Director, the usefulness and relevance of such documents shall be determined by the Board.

The Chairman and the Chief Executive Officer must communicate to the Directors any information of which they have knowledge concerning the Company and which they consider to be relevant on a regular basis.

1.4 Agreements in which Directors have an interest

(a) Without prejudice to the authorization and control formalities provided for by law and the Company's by-laws, the Directors of the Company are required to communicate to the Chairman, as soon as possible, any agreement entered into by the Company in which they have a direct or indirect interest. In particular, the Directors must inform the Chairman of any agreement entered into by them or by a company they manage or in which they hold, directly or indirectly, a significant interest, and the Company or one of its subsidiaries, or which was entered into through an intermediary.

(b) Each half-year, the Chairman shall send a list to all Directors setting forth the essential terms of the agreements so communicated and in particular, in addition to the names of the parties:

- the subject matter, purpose and term of such agreements;
- the prices or fees applied, the discounts and commissions granted, the time periods indicated for payments, the stated interests, the securities granted and, as applicable, any other element enabling the Directors to evaluate the interest of entering such agreement.

The Chairman shall provide a copy of such agreements of which he/she has received communication upon the request of any Director.

1.5 Information and prior approval of the Board

(a) The Board shall determine the direction that the Company's business will take and shall oversee the implementation of any such strategies. Subject to the powers expressly granted to the Shareholders' Meeting and within the limits of the Company's corporate purpose, the Board may handle any issue relating to the proper functioning of the Company and shall resolve such issues through its deliberations.

(b) In particular and in accordance with applicable law, the Board has the authority:

- to convene Shareholders' Meetings and set the agenda for such Meetings;
- to prepare financial statements, consolidated financial statements, the annual management report and the projected management documents;
- to authorize related-party transactions;
- to appoint and remove the Chairman of the Board, the Chief Executive Officer and Deputy Chief Executive Officers, and set the amount of their respective remuneration;
- to appoint the members of focus committees;
- to distribute Directors' Fees;
- to relocate the registered office of the Company within the same département (administrative division) or in a bordering département subject to the ratification of such a decision at the following Ordinary Shareholders' Meeting;
- to authorize surety bonds, endorsements and credit guarantees;
- to approve the Chairman's internal control report;
- to issue obligations;
- to decide upon any merger or spin-off transactions.

(c) In order to execute the following transactions, the Chief Executive Officer must obtain the prior agreement of the Board:

- acquisition or sale of any subsidiary, shareholding or other asset or investment, regardless of its nature, representing a value of over 50 million euros.

(d) In addition, the Board shall dedicate one meeting per year to a review of the Group's global industrial and financial strategy.

1.6 *Evaluation of the Board's operation*

(a) The Board shall carry out its own evaluation in order to:

- review its operation;
- ensure that discussions of the Board are appropriately organized.

Once a year, the Board must dedicate part of its agenda to this evaluation and organize a discussion concerning its operation, in order to evaluate and improve its efficiency. This meeting may be held in the absence of Directors belonging to the Company (corporate representative officers, employees).

(b) The annual report shall inform the shareholders of the result of such evaluation and, as applicable, of the measures to be taken.

ARTICLE 2 –THE BOARD OF DIRECTORS FOCUS COMMITTEES

The Board may decide to form, among its members, or with the participation of persons who are not Directors, one or several temporary or permanent committees, in order to streamline the Board's operations and to assist the Board with the preparation of its decisions.

These committees shall be responsible for studying issues submitted to them by the Board or the Chairman, preparing the Board's work in relation to these issues, and reporting their conclusions to the Board in the form of reports, proposals, opinions, information or

recommendations. Only the Chairman of each Committee may present the work of his or her Committee to the Board.

The members of each of the Board's Committees act collectively. To carry out its duties, each Committee may, in consultation with the Chairman of the Board if he is a member of the Committee, decide to hear members of the Group's executive management or third parties.

Any additional request for information from a member of a Board Committee must be submitted to the Chairman of that Committee, who remains sole judge of whether, and under what conditions, the request shall be transmitted.

They exercise their duties under the responsibility of the Board.

The role of the Committees is strictly advisory. The Board shall decide, at its own discretion, the measures it wishes to take based on the opinions, studies, investigations or reports issued or established by the Committees. Each Director remains free to vote as he/she wishes without being bound by these studies, investigations or reports, and is not bound by any opinions issued by the Committees.

The Company's annual report shall include a description of the activity of each of the committees during the previous year.

As of the date of these internal procedures, the following permanent committees are in place: the Audit Committee, the Nomination, Remuneration and Corporate Governance Committee, and the Strategy Committee (collectively the "**Committees**"). The Board defines the composition, duties and terms of operation of these Committees. Each Committee has internal procedures which were approved by the Board of Directors on April 9, 2009. The internal procedures for each Committee are attached to the minutes of the Board meeting having approved them.

The Board determines, as applicable, the remuneration of the members of the Committees.

INTERNAL PROCEDURES OF THE AUDIT COMMITTEE

PREAMBLE

The purpose of these internal procedures is to further define the responsibilities of the Audit Committee (hereinafter the “**Audit Committee**” or the “**Committee**”) of Valeo (hereinafter the “**Company**”) and to specify its operating procedures in addition to the provisions of the Company’s by-laws and the decisions and internal procedures of its Board of Directors (hereinafter the “**Board**”).

ARTICLE 1 - COMPOSITION AND OPERATION

The Board shall appoint the members of the Audit Committee.

The Board shall appoint the Chairman of the Audit Committee.

The members of the Audit Committee are chosen based on their financial or accounting skills. If needed, the members of the Audit Committee shall receive training in the accounting, financial and operational particularities of the Company and of the Group when they are appointed. At least one member of the Committee must have a specific competence in finance or accounting and be independent with regard to the criteria set forth in article 1.2(b) of the Internal Procedures of the Board of Directors.

The Chairman of the Board and the Chief Executive Officer are not members of the Audit Committee. However, they may be invited to attend the Committee’s meetings.

The Financial Control Director, or any other person appointed by the Chairman of the Audit Committee, acts as Secretary of the Committee.

The Audit Committee shall meet upon the request of its Chairman or upon the request of the Chairman of the Board. Such requests may be made by any means, including verbally.

The Committee may meet in any place. The Chairman of the Committee may, in exceptional circumstances and depending on the subjects to be discussed, authorize one or several members of the Committee to participate by telephone or videoconference.

A Committee meeting is valid only if at least two members are present or deemed to be present. The recommendations of the Committee shall be adopted by simple majority of the members present, with the Chairman of the Committee giving the casting vote.

The Committee shall meet at least twice a year to examine the Company’s half-year and annual financial statements before they are submitted to the Board.

The Chairman of the Committee sets the agenda of the meetings and communicates it to the Chairman of the Board and to the Chief Executive Officer. The Audit Committee reports on its projects and the carrying out of its responsibilities at the following Board meeting, by providing precise and complete information, opinions, proposals, recommendations or reports, and informs the Board immediately should any difficulty be encountered.

The main contacts of the Audit Committee are the General Management, the management of the Financial Control Department, as well as the Company's statutory auditors. Meetings with the management of the Financial Control Department or with the statutory auditors may take place outside the presence of the corporate representative officers and the members of the General Management, if requested by one of the Committee members, subject to the prior notification of the Chairman and the Chief Executive Officer. The Committee may also meet with third parties to the extent useful for the performance of its duties. It may also rely on external experts as needed. The Audit Committee must receive a regular summary of internal audit reports.

The Committee may not, upon its own initiative, address issues that are outside the scope of its duties. The Committee has no decision-making authority.

The annual report shall include a summary of the Committee's activity during the past fiscal year.

ARTICLE 2 - DUTIES

The duties of the Audit Committee as defined by the Board are the following:

a) Financial statements:

- ensure the follow-up of issues relating to the preparation of accounting and financial information;
- ensure the relevance, permanence, and proper application of and compliance with adopted accounting methods in connection with the preparation of corporate and consolidated financial statements, as well as the adequate discussion of significant transactions at the level of the Divisions and of the Group;
- monitor the legal control of annual financial statements and consolidated financial statements performed by the statutory auditors and, on the closing date for accounting periods, conduct a preliminary review and provide an opinion on the drafts of half-year and annual corporate and consolidated financial statements prepared by the management of the Financial Control Department, before they are presented to the Board. To this end, draft financial statements and all other useful documents and information must be communicated to the Audit Committee before they are reviewed by the Board. In addition, the examination of financial statements by the Audit Committee must be accompanied by (i) a note from the statutory auditors highlighting any significant features concerning the results and the accounting methods used; and (ii) a note from the director of the Financial Control Department describing the risk exposure and significant off balance sheet commitments of the Company. The Audit Committee shall hear the statutory auditors, the management of the Financial Control Department (if applicable, outside the presence of the General Management), and the General Management, in particular with respect to amortization, provisions, treatment of goodwill, consolidation principles and relevant accounting treatments;
- review drafts of interim financial statements, the draft half-year report and drafts of the business and income report before they are published, as well as any financial statements prepared in connection with specific transactions (such as contributions, mergers, market transactions and down payments on dividends);
- examine the scope of consolidated companies, and as applicable, the reasons why any companies have not been included in the scope of consolidation;

- examine the Company's significant off-balance sheet risks and commitments;
- examine the accounting and financial treatment of any acquisition or divestiture transactions of a value exceeding 50 million euros, in consultation with the Strategy Committee, and examine important operations during which a conflict of interest may have occurred.

b) Audit, internal audit, statutory auditors:

- ensure the follow-up of issues relating to the control of accounting and financial information and the monitoring of the financial information preparation process;
- verify that internal collection and information control procedures ensuring the quick and reliable transmission of such information are well defined; examine the proposed involvement of the statutory auditors;
- monitor the effectiveness of internal control and risk management systems;
- meet with the individuals responsible for internal audit and control, give advice on the organization of their department and stay informed of their work program;
- review, on a regular basis, the reports of external auditors of the Group concerning their works as well as Management's responses;
- evaluate the compliance with rules, principles and recommendations guaranteeing the independence of the auditors and monitor their independence, in particular by examining with the auditors any risks affecting their independence and the preventive measures taken to attenuate these risks;
- supervise the selection or renewal procedure concerning the auditors by ensuring that of the "best offer" and not the "lowest bidder" is selected, formulate an opinion concerning the amount of the requested fees for the performance of the legal audit, formulate a reasoned opinion concerning the selection of the statutory auditors and provide its recommendation to the Board;
- be informed of the fees paid by the Company and the Group to the firm and to the network of auditors, as well as the services provided directly relating to the mission of an auditor, ensure that the amount or percentage that these fees represent of the turnover of the auditing firm and the network of statutory auditors is not at a level that would compromise the auditors' independence;

c) Financial policy:

- be informed by the General Management of the financial situation of the Group, of the methods and techniques used to define its financial policy; stay regularly informed of the guiding principles of the Group's financial strategy;
- be informed of key financial communications before they are released, and provide an opinion concerning any resolutions presented to Shareholders' Meetings that relate to the Company's financial statements as well as to the Group's consolidated financial statements ;
- upon the request of the General Management, provide an opinion concerning the allocation of resources which, either due to the identity of the beneficiaries of such resources, or due to possible conflicts of interest, may create problems of interpretation with respect to their compliance with legal and statutory rules;
- examine any issues of a financial or accounting nature submitted to it by the Chairman, the Board, the General Management or the auditors, as well as any conflict of interest of which it may be aware.

**INTERNAL PROCEDURES
OF THE NOMINATION, REMUNERATION AND
CORPORATE GOVERNANCE COMMITTEE**

PREAMBLE

The purpose of these internal procedures is to further outline the duties of the Nomination, Remuneration and Corporate Governance Committee (hereinafter the “**Committee**”) of Valeo (hereinafter the “**Company**”) and to specify its operating procedures and complement the by-laws of the Company, the decisions and internal procedures of its Board of Directors (hereinafter the “**Board**”).

ARTICLE 1 – COMPOSITION AND OPERATION

1.1 Composition

The Board appoints the members of the Committee.

The Committee is composed of a majority of independent Directors. It does not include any corporate representative officers.

However, the current Chairman is involved in the Committee’s work, except when the discussion relates to his remuneration or the renewal of the Chairman.

1.2 Operation

The Human Resources Director, or any other person appointed by the Chairman of the Committee, acts as Secretary of the Committee.

The Committee shall meet upon the request of its Chairman or upon the request of the Chairman of the Board. Such requests may be made by any means, including verbally.

The Committee may meet in any place. The Chairman of the Committee may, in exceptional circumstances and depending on the subjects to be discussed, authorize one or several members of the Committee to participate by telephone or videoconference.

A meeting is valid only if at least half of its members are present or deemed to be present.

The Committee shall meet at least once per semester.

The Chairman of the Committee sets the agenda of the meetings and communicates it to the Chairman of the Board and the Chief Executive Officer. The Committee, via its Chairman, reports on its works at the following Board meeting, by providing precise and complete information, opinions, proposals, recommendations or reports.

In order to fulfill its duties, the Committee may hear members of the Company’s and/or the Group’s executive management and may, if needed, be assisted by external consultants, subject to the prior notification of the Chairman and the Chief Executive Officer.

The Committee may not, upon its own initiative, address issues that are outside the scope of its duties. The Committee has no decision-making authority.

Under no circumstances may a Committee member participate in discussions relating to his/her appointment or the renewal of his/her term of office, nor in discussions relating to any advantages or remuneration that he/she may receive.

ARTICLE 2 – DUTIES

2.1. Regarding remuneration

The Committee has the following duties:

- Study and make proposals concerning the compensation of corporate representative officers, in particular with respect to:
 - i. the variable portion of such compensation: the Committee defines the rules that apply to the determination of this variable portion, taking into account the performance of corporate representative officers in the past fiscal year and the mid-term strategy of the Company and the Group, and shall supervise the application of these rules,
 - ii. any benefits in kind, options to subscribe or to purchase shares received from any company of the Group, measures relating to pensions, and other benefits of any nature.
- Submit proposals to the Board concerning rules of distribution for Directors' Fees and the individual amounts to be paid to Directors, based on their attendance at Board meetings and their participation in the various Committees.
- Propose to the Board the global amount of Directors' Fees that should be proposed by the Board to the Shareholders' Meeting.
- Provide an opinion to the Board concerning the general stock option distribution policy and the options plan(s) established by the General Management of the Group with respect to applicable rules and recommendations; indicate to the Board its proposal with respect to the distribution of options to subscribe or to purchase shares, with explanations for its choice, as well as its potential consequences.
- Be informed of the remuneration policy of key executives who are not corporate representative officers of the Company and other companies of the Group.
- Examine any issue submitted to it by the Chairman concerning the above-mentioned matters, as well as any proposed capital increases reserved for employees.

The annual report provides information to the shareholders concerning the remuneration of corporate representative officers on the principles guiding the determination of the remuneration of these managers, as well as the distribution and exercise of options to subscribe or to purchase shares by the latter.

2.2. Regarding Selection and Appointments

The Committee is responsible for the preparation and composition of the Company's governing bodies.

In this respect, it establishes a succession plan relating to corporate representative officers and Directors of the Company so as to be in a position to recommend succession solutions in the event of an unforeseen vacancy. It recommends the appointment of corporate representative officers and Directors, as well as the appointment of members of, and the Chairman of, each of the Committees of the Board, (other than its own Chairman). It submits reasoned proposals to the Board concerning its choice of candidates.

The selection by the Committee, of candidates for the position of Director is guided by the interest of the Company and that of all of its shareholders. Their choice may take into account the following:

- the desired balance of the composition of the Board given the composition of and changes to the Company's shareholding structure,
- any representation of sectional interests,
- the opportunity to renew terms of office,
- the integrity, competence, experience and independence of each candidate,
- the desired number of independent Directors.

The Committee's selection must reflect a variety of experiences and viewpoints, while ensuring the Board has both the necessary objectivity and independence with respect to the General Management, a specific shareholder, or group of shareholders, and ensuring the stability of the Company's corporate bodies.

When issuing opinions or recommendations, the Committee must strive to ensure that:

- the independent Directors in office represent at least one-half of the members of the Board;
- the Audit Committee does not include any corporate officer and that at least two-thirds of its members are independent Directors.

The Committee shall carry out its own evaluations of potential candidates before they are approached.

Each year, prior to the publication of the annual report, the Committee examines, on a case-by-case basis, each Director's compliance with the independence criteria mentioned in paragraph 1.2(b) of the Board's internal procedures, and submits its proposals for review to the Board, as mentioned in paragraph 1.2(b) of the Board's internal procedures.

2.3. Regarding Corporate Governance

The Committee is responsible for reflecting on the operation of the Board and its Committees.

It shall to that end evaluate and update the rules of corporate governance and, in particular, ensure that the evaluation of the operation of the Board as specified in Article 1.6 of the Board's internal procedures is carried out in accordance with market standard procedures.

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The annual report includes a summary of the Committee's activity during the preceding fiscal year.

INTERNAL PROCEDURES OF THE STRATEGY COMMITTEE

PREAMBLE

The purpose of these internal procedures is to further outline the duties of the Strategy Committee (hereinafter the “**Strategy Committee**” or the “**Committee**”) of Valeo (hereinafter the “**Company**”) and to specify its operating procedures and complement the by-laws of the Company, the decisions and internal procedures of its Board of Directors (hereinafter the “**Board**”).

Each member of the Committee must attend assiduously and participate, except in exceptional circumstances, in all Committee meetings in order to prevent delays in Committee works and facilitate the discussions of the Board.

ARTICLE 1 - COMPOSITION AND OPERATION

The Board appoints the members of the Strategy Committee.

The Board appoints the Chairman of the Strategy Committee.

The Secretary of the Board, or any other person appointed by the Chairman of the Committee, acts as Secretary of the Committee.

The Committee shall meet upon the request of its Chairman or upon the request of the Chairman of the Board, based on an agenda set by the person convening the meeting. It meets at least four times a year and as often as the situation requires. Such requests may be made by any means, including verbally.

The Chairman of the Committee may, in exceptional circumstances and depending on the subjects to be discussed, authorize one or several members of the Committee to participate by telephone or videoconference.

A meeting is valid only if at least half of its members are present or deemed to be present. The recommendations of the Committee shall be adopted by simple majority of the members present, with the Chairman of the Committee giving the casting vote.

The Committee collectively examines the points on the agenda, and no other subject.

Any additional request for information from a member of a Board Committee must be submitted to the Chairman of that Committee, who remains sole judge of whether it is useful and appropriate, and under what conditions the request shall be transmitted.

The members of the Committee must respect the strictest confidentiality regarding the Committee’s works and discussions, and may not participate in meetings if there is any risk of a conflict of interest.

In consultation with the Chairman of the Board, the Committee may invite other Directors to participate in Committee discussions or hear other relevant people (Group management, external consultants) on subjects dealt with by the Committee.

The Chairman of the Committee provides feedback on the Committee's work at the following Board meeting, via precise and detailed minutes.

The annual report includes a summary of the Committee's activity during the preceding fiscal year.

ARTICLE 2 - DUTIES

The Strategy Committee is responsible for making recommendations and advising the Board with regard to:

- The examination of the strategic orientation of the Group, information on market trends, research, review the competition and the resulting medium and long term outlook;
- The study of development projects for the Group, including with regard to external growth and, in particular, transactions involving the acquisition or divestiture of subsidiaries and shareholdings or other assets, investments and debt, of a value exceeding 50 million euros.