



June 2010

Communication on Progress (COP) **- Global Compact -** English version

Valeo is an independent industrial Group fully focused on the design, production, and sale of components, integrated systems, and modules for the automotive industry, mainly for the reduction of CO₂ emissions. Valeo ranks among the world's top automotive suppliers. On 31 December 2009, the Group employed 52,200 people in 120 production sites, 21 Research & Development centers, 40 development centers and 10 distribution platforms in 27 countries.

In mid-2009, the Group's CEO, Jacques Aschenbroich, appointed in March 2009, presented an in-depth restructuring plan for the Group designed to speed up the growth of the Group's product families on all of its markets, and thereby improve its efficiency. Four new Business Groups were set up:

- Powertrain Systems, which includes the Transmissions and Engine and Electrical Systems product families. These product families play a key role in cutting power consumption and CO₂ emissions.
- Comfort and Driving Assistance Systems, which includes the Interior Controls and Security Systems product families. These product families, which are at the interface between drivers, their environment and the vehicle, help to improve comfort and safety.
- Visibility Systems, which includes the Lighting Systems and Wiper Systems product families. These product families improve safety by improving the visibility of the vehicle and the vision of the driver.
- Thermal Systems, which includes the Climate Control, Engine Cooling and Compressors product families. These product families make life inside the vehicle more comfortable, and help to cut power consumption.

Despite the serious economic crisis that affected the entire automotive industry in 2009, the Group, which already proposed many technological solutions for the reduction of the capacity of internal combustion engines and vehicle hybridization and electrification, decided to pursue its policy to reduce CO₂ emissions, by announcing that the reduction of the weight and the electric power consumption of a vehicle's various components were now one of its priorities.

As a member of Global Compact, Valeo is honored to present some of the more remarkable procedures and initiatives that were launched or continued by the Valeo Group in 2009.

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1. Social/ Societal

1.1. Social and societal commitments

1.1.1. Systematic tracking of local initiatives and Group-wide sharing

Several years ago, the Valeo Group launched a standardization process to make both employees and management more aware of the importance of obeying the rules applying to sustainable development, in particular through its Code of Ethics.

In 2008, the Group decided to assess its level of commitment with a view to:

- Being informed of initiatives and identifying the fields in which more effort is required,
- Sharing best practices throughout the Group,
- Knowing where the Valeo Group stands in comparison with the competition,
- Setting new objectives.

In order to approach this commitment in a global manner, the “One plant, one initiative” survey was launched in 2008.

Every year, the Human Resources Directors from each country are required to identify the initiatives taken on Valeo sites all over the world and to present the progress achieved.

Moreover, the Human Resources Directors have access to a table containing all the information collected in the previous year on the various local initiatives identified, with a view to sharing best practices in the realm of sustainable development. Everyone can look there for new ideas for concrete actions to be taken in their own establishment.

1.1.2. Analysis of the 2009 survey: strong growth in social and societal local initiatives

In early 2010, the survey of 2009 was launched in order to identify any new developments or improvements compared with 2008.

The analysis of this latest survey revealed that at least one social or societal action has been taken on almost every Valeo Group site.

In this way, Valeo confirms its role as a local leader and source of funding for the development of culture or education, or the provision of aid in fields such as transport or health care.

- **Figures**

The information collected in 2009 revealed a sharp rise in the number of concrete actions, reflecting the increasingly strong commitment of the sites to the cause of sustainable development:

- 101 sites took one or more social actions.
- 96 sites took one or more societal actions.

In 2009, a total of 60% of sites in the Valeo Group took at least one new social or societal initiative.

The information collected in the survey shows that:

- most of the initiatives continue from year to the next, a fact that explains why 40% of sites did not take any new actions, but preferred to concentrate on the initiatives taken the year before;

- these actions have been consolidated significantly and universally, since more than 90 sites took new initiatives in 2009. Many of the social actions were taken in the field of health care, while the majority of the societal initiatives focus on the environment.

A closer look at the information collected for the period from 1 January to 31 December 2009 highlights the following trends.

Most of the new social initiatives consist in:

- *organizing vaccination campaigns*, for the H1N1 virus in particular
Valeo noted a **31%** increase in initiatives in this field in 2009.

- *creating or improving transport services*, including car sharing
Valeo noted a **26%** increase in initiatives in this field in 2009.

- *organizing preventive medical programs*
Valeo noted a **21%** increase in initiatives in this field in 2009.

- *organizing sports activities for employees*
Valeo noted a **15.47%** increase in initiatives in this field in 2009.

Most of the new societal initiatives consist in:

- *organizing awareness campaigns for environmental issues*
Valeo noted a **34%** increase in initiatives in this field in 2009.

- *organizing blood donation campaigns*
Valeo noted an **11%** increase in initiatives in this field in 2009.

- *organizing donations for schools*
Valeo noted an **8%** increase in initiatives in this field in 2009.

- **Concrete examples of local initiatives**

Health, prevention and education:

- The Valeo Engine Cooling site in Sunderland installed anti-fatigue mattresses on the floor to prevent muscular-skeletal disorders, in particular by supporting the repetitive movements of workers on the production lines
- In 2009, the Valeo Transmissions site in Mondovi and the Turin public hospital developed the “Check list of Turin”, which provides a simple means of detecting the risks involved in handling excessively heavy loads and the corresponding corrective gestures. This list has been tested in other companies and has proven that it can be applied to other professions.
- In September 2009, the Valeo Climate Control plant in Nogent-le-Rotrou installed a mechanical arm used to load finished products into containers in order to reduce the risks of occupational illness caused by carrying heavy loads.
- In 2009, the Valeo Climate Control site in Suze sur Sarthe called on a physiotherapist to train the personnel in stretching exercises to be performed at least every two hours. In one year, this measure reduced complaints of pain and sick leave by 63%.

Safety:

- The Isle d’Abeau Engine and Electrical Systems deployment a complete system to improve safety that involved the installation of a training terminal for the entire personnel. This measure reduced the gravity rating (number of days lost per 1,000 hours worked) from 0.34 in 2008 to 0.007 in 2009 and cut the frequency rating (number of accidents with sick leave per million hours worked) from 9.7 in 2008 to 1.32 in 2009.
- The Sunderland organized a daily audit of health and safety issues. Immediate action is taken whenever necessary. Moreover, the uniform to be worn when moving around the company premises was put on display at the site entrance in order to raise awareness amongst employees and visitors.
- The Sablé sur Sarthe furthered the action of the road safety at work association by handing out safety jackets to the entire staff for use in their private vehicles.

Induction and participation in the local community:

- The Kyungju site contributes to the well-being of the local community as part of the Save Environment campaign, by helping to depollute the local rivers and neighboring sites twice a month
- The Cergy site acts as a mentor for the young unemployed in partnership with the local authorities. In 2008, 50% of the solutions found turned out to be durable, since they resulted in employment for more than 6 months.
- In 2009, the Gravatai site hired four deaf and dumb employees as part of its campaign to combat prejudice. Training in sign language was provided for their colleagues.
- The Sunderland site organized training for employees to make sure that the policies in favor of equality are properly understood and applied and to make clear the consequences of failing to abide by the ethical code.

1.1.3. Reduction of the number of accidents at work

The Valeo Group's target for safety and working conditions is to come close to "zero accidents".

Human Resources keeps track of occupational accidents all over the world on a monthly basis. Two indicators are analyzed:

- ❖ The frequency rating, which corresponds to the number of accidents resulting in time off work per million hours worked
- ❖ The gravity rating, which corresponds to the number of days lost through accidents at work per thousand hours worked

Both these ratings have dropped sharply, in particular as a result of employee training in working gestures and posture and the ergonomics of workstations. Between 2008 and 2009, the frequency and gravity ratings dropped by more than 20%.

1.2. Communication (internal and external)

1.2.1. Campaign against discrimination

In Article 3 of its Code of Ethics, Valeo commits to abiding by the principle of non-discrimination, in particular against applicants for jobs, internships or training programs at Valeo.

People wanting to apply for a job in the Valeo Group can do so on a dedicated Internet site that is open to everyone at www.valeocareers.com.

In 2009, the compulsory fields when making an application were changed. The following information is no longer mandatory when registering on line:

- First name
- Family name
- Address

These changes allow applicants to remain anonymous when making their application, if they so choose.

Moreover, the French High Authority for the Fight against Discrimination and for Equality (HALDE) has created and published on-line a training module designed to promote equality at work on an everyday basis. With the HALDE's agreement, Valeo made this training module available to all its employees and to its managers in particular, in order to raise awareness of the combat against discrimination. The module was added to the existing catalog on Valeo C@mpus, the Group's internal training platform.

1.2.2. Active participation in the Committee for the Strategic Orientation of Eco-Industries (COSEI)

The COSEI was set up on 10 July 2008 by the French Ministers of Industry and the Ecology in order to define a public-private strategy for the development of a French offer of environmental technologies. Company directors and leading personalities in the realms of industry and environmental technologies sit on the committee.

Three working groups have looked into innovation and the distribution of eco-technologies, the emergence and development of small and medium-sized eco-industries and changes in regulations and standards that will enhance the performance of the eco-industries.

Valeo plays an extremely important role in this committee, since the CEO's Delegate, Jean-Luc di Paola-Galloni, chairs the working group on Regulations and Standardization. This group is made up of some 20 company representatives – major corporations and SMEs – whose activities in the production of goods and services are exercised directly or indirectly in the realm of the environment, representatives of agencies that support innovation and standardization (ADEME, OSEO and AFNOR) and Ministers.

The COSEI met in mid-July 2009 to review the actions taken so far. The review revealed that almost all of the actions taken had achieved their initial targets:

- The effective selection of 50 R&D projects into technologies to prevent, measure and combat local pollution, as part of the call for tender for eco-industrial projects launched on 28 February 2009. These projects, which represent a total of €27.2 million, will be financed by the Ministry of Industry (13 projects) or managed by OSEO (13 projects) and the ADEME (9 projects) according to their own funding procedures.
- The creation of a labeling window for one or more "Ecotech" centers of excellence. This measure will be accompanied by the creation and management of a network of centers around the theme of sustainable buildings.

- A €59.5m commitment by France Investissement in investment funds and businesses in the environmental sector in the first half of 2009.
- In the first half of 2009, the completion of two programs, conducted by the French Fair Trading, Consumption and Anti-Fraud Office, to check environmental standards applying to CO2 emissions from vehicles and emissions of volatile organic compounds from floor coverings.
- The consolidation by the observation and statistics department of the MEEDDM of a statistics reference framework of domestic and European eco-activities, in partnership with Eurostat, and of the figures relating to the sector.

The COSEI is a forum where Valeo can deploy its best-practices.

We believe that Valeo's involvement in the COSEI represents one of the company's societal commitments. At the request of the French public authorities, Valeo has shared its knowledge and assets in the field of sustainable development with other industries, in which the complete chain – from the primary supplier to the end customer, from the source to the consumer – had only partially adopted green practices.

These working meetings, held twice a month over a six-month period, were also an opportunity to form ties, to discuss the declarations made by the companies belonging to the Global Compact and to encourage other companies that do not yet to the initiative to come onboard.

1.2.3. Active participation in the European Road Transport Research Advisory Council (ERTRAC)

Since the second half of 2008, Valeo has been represented on the management committee of this council by its CEO's Delegate, Jean-Luc di Paloa-Galloni. Since the action taken in the second half of 2008 was not sufficiently significant, it has been included in the report on 2009.

ERTRAC is a European research association representing a diverse group of players in the European transport sector, from consumers and carmakers to automotive equipment suppliers, civil works contractors that build roads, energy suppliers, research organizations and city or regional authorities.

Every year, the European Commission spends more than €30 billion on Research and Development, taken mainly from the regional and national funds. Improved European cooperation in the public and private spheres would achieve better financial results, reach higher levels of quality and facilitate the rapid application of new innovations.

ERTRAC's mission is to explore these opportunities and to make specific and executive recommendations to the European Commissioners (Research, Industry and Entrepreneurship, Competition and Digital Agenda). ERTRAC has helped to develop a common vision, identify research priorities, draw up a strategic research agenda for the coming decades and launch the implementation of the program.

The missions of ERTRAC are:

- Define priorities accepted by all the stakeholders
- Coordinate European and national research agendas
- Monitor progress and adjust research programs accordingly
- Provide a research platform to harmonize ongoing projects
- Make specific recommendation for broad research by the stakeholders
- Identify international needs and requirements for cooperation

The work done by ERTRAC is essential, because the European Commission relies on its research to pass legislation and take investment decisions for future road transport programs. Furthermore, it also provides a general framework for future technological developments in this sector.

In the future, ERTRAC will continue to support Europe in its quest for a greener, smarter and safer transport system.

Valeo's involvement in ERTRAC is a corporate citizenship commitment to preserve and enhance industrial research within the European perimeter.

1.2.4. Loan from the European Investment Bank (EIB)

Against the backdrop of a worldwide economic and financial crisis, the European Investment Bank (EIB), in partnership with the European Commission, has stepped up its program, launched in 2007, to provide aid at competitive rates, known as the RSFF (Risk Sharing Financial Facilities). This program only provides aid to fund major corporations whose projects are entirely dedicated to reducing their carbon footprint.

We believe that we can legitimately include it in this report for the following reasons:

- The loan was granted to support Valeo's research into environmental products. Valeo was the second largest beneficiary in terms of volume, behind the Siemens-Nokia telecommunications group, in all the environmental industry sectors in the 27-country EU.
- The loan was conditional on particularly high environmental standards.
- In the due diligence process, Valeo's environmental performance was audited to make sure that it met the conditions demanded by the EIB. Valeo successfully met all the required demands.

This loan was granted in recognition of Valeo's industrial commitments to green innovations and to reducing CO2 emissions.

1.2.5. Publication of the “Zero-emission Vehicle”

In September 2009, Valeo published its Zero Emission Vehicle (available at the following address: <http://www.valeo.com/fr/publications.html>, and appended to this document).

This summary document presents Valeo’s vision on the future development of alternatives to the combustion engine. It reminds us that more progress and innovation will be necessary before the Zero Emission Vehicle introduced into widespread use. And at the same time, all the other possible alternatives must be explored and developed:

- continue to improve the efficiency of internal combustion engines, still installed for on 90% of the vehicles
- develop hybrid drive trains, which represents an efficient alternative solution
- continue research on electric vehicles that will radically change our attitudes towards cars and their use in towns

2. The Environment

2.1. The carbon impact of Valeo’s activities

2.1.1. Valeo’s commitment to achieve action for a supply chain that generates less carbon and lower packaging consumption

Valeo’s activities involve significant transportation flows and consume a lot of packaging materials. In an effort to reduce the impact of its activities, Valeo has embarked on an in-depth analysis to identify new sources of logistical and environmental optimization. The priorities are to improve the management of the upstream subcontracting flow, to optimize flows between Valeo’s sites or to improve coordination between contracting parties.

A few examples:

- Optimization of the occupation rate of trucks and adaptation of their tonnage for deliveries to a single site. Objective: reduce volumes by 15% to 20%.
- Optimization of truck rounds in order to avoid empty returns.
- Increased use of recyclable bins in order to encourage all the Group's suppliers to use them all the time. 65% of flows already use recyclable bins.

2.1.2. Calculation of the Group's carbon footprint

Valeo has already estimated its carbon footprint in order to assess its overall carbon impact and its direct and indirect emissions, taking a life cycle-based approach. The Group has identified the activities that emit the most CO₂, which means that it now has a solid base in order to identify the efforts that must be made in the future.

The estimated total carbon footprint of the Group is about 3.5 million tons. The main sources of emissions are:

- 54% materials (metals)
- 25.6% materials (other)
- 9.6% electricity
- 3.1% combustion and processes
- 2.6% transportation of persons (home-work)
- 2.5% supply chain (road/rail/sea)
- 1.6% transportation of persons (business travel)
- 1.0% supply chain (air + express)

Indirect emissions account for almost 90% of the Group's carbon footprint. In 2010, a new method will be used to calculate emissions more precisely.

2.2. Organization of Valeo's network and Safety and Environment processes

2.2.1. Global use of the "Risk Management Manual" on all sites

In 2009, Valeo launched a project to review its "Risk Management Manual" that defines all Valeo's risk management procedures.

These directives apply to every one of the Group's sites. For a number of years already, the Group has been calling on external consultants, who inspect the various sites in order to make sure that the directives are implemented.

The manual is being revised in order to unify the methods and operational procedures used on the sites in order to standardize our processes.

2.2.2. Ongoing development of a regulatory watch tool

Valeo is currently developing a regulatory watch tool that will allow each site to understand the applicable legislative texts more easily, irrespective of their activity and their situation. This project is still benchmarking the best tools that can be used by all of Valeo's sites.

Each site will be able to log on and track changes in legislation in order to take any measures that are required to respect the regulations.

2.2.3. Role of Safety, Security, Health and Environment Managers and Coordinators

Each site has a Safety, Security, Health and Environment Manager. These officers are tasked with implementing the Group procedures applying to risk management. They offer expert advice to site management and conduct internal audits to make sure that Valeo's regulations and standards are respected.

The Environmental Insurance Risks department on each site relies on these Coordinators. They provide the Safety, Security, Health and Environment Managers of the Product Family sites with technical support and provide feedback for the Risk Management committee.

The coordinators drive the quest for continuous improvement and support the sites in a number of ways:

- deployment of procedures and targets in line with the Group directives
- identification and distribution of best practices and investment requirements detected in the course of site visits
- distribution of conclusions, information and action plans based on the internal site audits

2.2.4. Increased frequency of Risk Management Committee meetings

The Risk Management Committee is the central steering body for the Group's Risk and Environmental Insurance Department. It is made up of coordinators from each Product Family and the Group Director of Risk, Insurance and the Environment.

It meets at least every two months. In 2009 the meetings were more frequent and focused on regulatory monitoring and multi-site certification. The Committee meetings are an opportunity to create feedback's experiences and to improve the Group's CSR policy. The committee members are also tasked of deploying the procedures defined in the Risk Management Manual on all the sites.

2.2.5. Safety Awareness Days

Every year, Safety Awareness Days are organized in every country. These days raise awareness of environmental, workplace health and safety issues, and the safety and security of buildings and facilities.

They focus essentially on practical tasks at the production sites that illustrate the concrete application of the Group directives in these fields.

2.3. Environmental performance

2.3.1. Development of products that cut vehicle consumption

For many years now, the Group has been committed to the protection of the environment and the fight against climate change by opting to develop ecological products and systems. Valeo's recent innovations can reduce fuel consumption and carbon dioxide emissions by up to 20% when they are used together.

Here are some examples of the new technologies that actively contribute to the reduction of greenhouse gas emissions by vehicles:

- Valeo e-valve technology: based on a variable electromagnetic valve control system that replaces conventional mechanical systems. E-valve can achieve fuel savings of up to 20% and improved engine performance, while offering a more comfortable drive.
- The StARS alternator-starter features the capacity to stop and then restart the engine immediately and silently. StARS saves fuel (6% to 15%) and reduces polluting emissions significantly when the vehicle is stopped at red lights and in traffic jams. The Valeo Group is currently switching from micro-hybridization to 3rd and 4th generation StARS soft hybridization systems. This new generation of products will cut CO2 emissions even further by recovering the energy that is generated when braking.
- Valeo's new generation of LED headlamps will reduce consumption by two-thirds compared to bulbs. The color and performance of white LED lights is close to daylight, offering excellent visual comfort and enhanced perception, while offering a longer life time and reduced energy consumption.
- The dual dry clutch transmissions have one clutch for even gears and another for odd gears. This solution provides the comfort of an automatic transmission and the fuel efficiency of a manual transmission (CO2 emissions cut by 4% to 6%).

2.3.2. Ongoing improvement processes in all plants

In an effort to reduce its environmental impact and improve the health and safety of its employees, the Valeo Group has deployed a site certification system.

By the end of 2009, 89% of Valeo sites were ISO14001 certified for environmental questions. The deployment process of the OHSAS 18001 certification was launched in 2005. By 2009, 81% of sites were OHSAS 18001 certified for health and safety at work.

In 2009, the Group launched a project to rework its ISO 14001 and OHSAS 18001 management systems in order to harmonize the Group's systems and procedures and, ultimately, to pave the way for multi-site certifications. This initiative makes for improved risk management, better sharing of know-how and practices and also makes greater demands of the sites.

Valeo's target for 2012 is to certify all of its sites for both of these management systems.

2.3.3. Definition of targets for 2012

At the beginning of 2008, targets were set per site and per Product Family. Each site was challenged to performance the score of the best site in the Family within 2 years. The best sites must achieve a performance of 3% every year for each of the reference indicators. Valeo's results in 2008-2009 were very encouraging.

Valeo's results in 2008 – 2009

Field	Indicators	2008 results VS 2007	2009 results vs. 2008	2009 results vs. 2007
Energy Consumption	Energy consumption / revenue ratio	-1.5%	- 3.5%	-5%
Water consumption	Water consumption / revenue ratio	0%	- 14.4%	- 14.4%
Use of packaging materials	Consumption of packaging / revenue ratio	-4.3 %	-16.1 %	-20.4%
Waste produced	Waste re-use rate	+4.1%	+ 6.5%	+10.6%

This method enabled all the sites to achieve good results, thanks to the effects of internal emulation. But this calculation method has its limits, since it excludes the operational constraints on certain sites.

This is the reason why the first phase of measuring our targets has now come to an end, and a new, more suitable and efficient method for the setting of targets will be used for 2010-2012.

The targets for 2010 – 2012

Field	Objective	Target	Unit	Deadline
Management of risks and sustainable development performance	ISO 14001 and OHSAS 18001 certification	100%	N° of sites	2012
	The sites reach a score of ≥ 3 for each of the assessed criteria (environment, health and safety at work, ethics) (i)	100%	N° of sites	Continuou s
Carbon emissions from the infrastructures and the supply chain	Reduction of the Valeo Group's carbon footprint (ii)	-10%	t CO ₂ / €m	2012
	Improvement of the average energy efficiency of our buildings	-12%	kWh / m ²	2012
Environmental performance of the manufacturing sites	Reduction of energy intensity	-10%	MWh / €m	2012
	Reduction of the intensity of water usage	-7%	m ³ / €m	2012
	Reduction of the intensity of the use of	-15%	kg / €m	2012

	packaging materials			
	Reduction of the intensity of waste production	-15%	t / €m	2012

2.3.4. Ongoing reduction of Group-wide energy consumption

Valeo continues to insist heavily, just as in the preceding years, on the reduction of its global Group-wide energy consumption, both in absolute (GWh) and relative (MWh/€m) terms, despite a drop in revenue due to the poor economic climate. The results shown below reflect the Group's determined commitment to a policy to reduce its energy consumption.

Energy consumption targets are set for each site at the beginning of every year.

Total energy consumption in the last three years:

- 2007: 1,861 GWh, 202 MWh/€m
- 2008: 1,682 GWh, 199 MWh/€m
- 2009 : 1,433 GWh, 192 MWh/€m

This constant reduction in energy consumption has been made possible by a range of local actions taken on the Group sites.

Some examples of initiatives:

- In November 2009, the Electrical and Engine Systems site at Isle d'Abeau deployed an energy recovery system for its compressors by installing pulsed hot air ducts above the production lines. The resulting reduction of gas consumption should save €10,000 per year and avoid the emission of 255 t of CO2 per year.
- The Interior Controls plant in Annemasse opted to replace an air compressor with two more efficient models that are better suited to the site's air requirements. This measure cut the site's electricity consumption by 15% and reduced heating costs by recovering the heat produced by the compressors.
- The Valeo Engine Cooling site in Sainte Florine installed timers on its key machines that need to be powered up before 5am on Monday, so that they are not left switched on all weekend. This investment of €4,000 in nine timers should reduce the site's electricity consumption by €20,000 per year.

2.3.5. Reduction of the consumption of packaging materials

The Valeo Group spends a lot on packaging materials that are used to handle the various products in the range. These materials are used to transport, store, protect and promote products.

Valeo uses a range of materials, mainly consisting of paper/cardboard, wood, plastic and metal.

Consumption of packaging materials by the Valeo Group in the last three years:

- 2007: 72,065 tons

- 2008: 63,839 tons
- 2009: 47,160 tons

Total consumption dropped sharply by more than 20% between 2008 and 2009.

Efforts have been made to reduce consumption across all the product families, thanks to the work done by the sites together with their customers and suppliers.

Valeo encourages the use of reusable packaging (extensive use of shuttle crates) and recyclable (plastic, cardboard) or recycled (plastic, paper, cardboard) materials. Actions were taken in 2009 to reuse packaging materials and reduce volumes.

By way of example, the Engine and Electrical Systems site in Nanhui chose to replace wood packaging with recycled cardboard boxes, thereby saving 76,000 kg of wood per year and reducing the weight of the boxes and, consequently, transport costs.

2.3.6. Reducing water consumption

Valeo aims to reduce its water consumption. The Group has deployed an action plan on most of its sites to achieve this target.

Valeo is particularly attentive to its water consumption in countries where water is a rare resource.

In June 2008, the Campinas site in Brazil started treating its waste water, 45% of which is now reused. The excess treated water is used to cool the roof of the plant.

Total water consumption of the Valeo Group in the last three years:

- 2007: 3,377,000m³
- 2008: 3,106 000 m³
- 2009: 2,343,000 m³

In the years to come, each Valeo site will pursue these efforts to further reduce water consumption: detection of leaks, improvement of individual behavior, replacement of open-circuit cooling systems.

2.3.7. Reduction of waste production

The Group pursues an efficient waste management policy, involving reduction at source and sorting, which are both essential to saving materials by recycling, and, finally, environmentally-friendly disposal.

In terms of volume, the Group's most significant waste materials are metals, wood and plastics. Almost all of the metal waste is sold and recycled. Wood is recycled for new usages, while the rest is consumed to produce energy. Two-thirds of waste are sold for recycling.

Production of waste and reuse in the last three years:

- 2007: 159,223 tons 74% of waste reused
- 2008 : 146,543 tons 77% of waste reused
- 2009 : 113,132 tons 82% of waste reused

A few examples of effective waste management:

- In June 2009, the Climate Control and Engine Cooling plant in Itatiba launched an environmental and waste sorting awareness campaign in order to encourage better sorting of waste for future reuse or recycling.
- In 2009, the Valeo Engine Cooling plant in Sainte Florine started recovering its suppliers' boxes that now are reused internally, thereby reducing the site's consumption of boxes. Between 2008 and 2009, 25,505 more boxes were recovered, representing a saving of 57%

2.3.8. Significant reduction in the use of heavy metals

One of Valeo's priorities consists in reducing the use of heavy metals in order to protect both the environment and human health.

Substances that are toxic for the environment may be emitted into the air, water or soil when servicing or dismantling end-of-life products, resulting in local pollution.

These hazardous substances often have toxic, carcinogenic or mutagenic properties that may be harmful to the health of all exposed persons, such as factory operators, vehicle repairers, etc.

Consumption of heavy metals in the last three years:

- 2007: 131 tons
- 2008: 96 tons
- 2009: 37 tons

A significant effort was made to reduce the consumption of heavy metals between 2008 and 2009. A substantial drop of almost 60% has been achieved in the last two years.

These results were achieved by taking initiatives in all the Product Families:

- elimination of lead in the welds of electronic components
- changes in the surface treatment process, replacing chromium 6 with chromium 3
- elimination of cadmium as a coloring pigment

In the years to come, Valeo aims to include zero heavy metals in its products. This target will be reached thanks to the continued technological efforts made by the Group's R&D departments.

2.3.9. Reduction of the consumption of products that are carcinogenic, mutagenic or toxic to reproduction (CMR)

The consumption of CMRs and chlorinated solvents dropped significantly between 2008 and 2009.

Efforts have been made to reduce the consumption of chlorinated solvents on many of the Group's sites.

Consumption of products that are carcinogenic, mutagenic or toxic to reproduction (CMR) in the last three years:

- 2007: 405 tons
- 2008: 474 tons
- 2009: 188 tons

Despite a slight increase in consumption between 2007 and 2008, the reduction between 2008 and 2009 was substantial.

The number of referenced chemicals dropped and the quantities of chemicals were limited on all the Group's sites.

