



**Communication on Progress**



**2013**



# Contents

- I. Social action ..... 3
  - 1.1 Setting up diversity working groups..... 3
  - 1.2 Engineer and manager commitment survey ..... 6
  - 1.3 Generation contract agreement ..... 7
  - 1.4 Harmonization of life insurance and invalidity care and healthcare costs for France..... 7
  - 1.5 Continuation of the Top Employer certification for all Group host countries... 7
  - 1.6 Setting up a whistleblowing system ..... 8
- II. Environmental action ..... 9
  - 2.1 Improving reporting and verifying environmental indicators ..... 9
  - 2.2 Identifying environmental issues .....10
  - 2.3 Review of environmental performance .....11
  - 2.4 Sites' environmental action .....12
  - 2.5 ISO 50001 certification .....13
- III. Societal action .....14
  - 3.1 In line with the Global Compact principles: improvement in Valeo's extra-financial ratings .....14
  - 3.2 North American diversity programmes applied to suppliers .....14
  - 3.3 Establishing a corporate social responsibility (CSR) questionnaire which will be in line with a Communication in Progress .....15
  - 3.4 Involvement in writing the technology roadmaps within the ERTRAC automotive research platform for the European Commission .....15
  - 3.5 Involvement in local communities .....16

# I. SOCIAL ACTION

## 1.1 Setting up diversity working groups

Because it is a social issue as well as a lever for improving performance and a source of skills development, creativity and performance, Valeo is convinced of the importance and interest of greater diversity at all levels and in all areas of the company.

Also, on the initiative of the General Management, a Diversity Committee chaired by the Group's Director of Human Resources has been established; four initiatives - **societal and cultural / disability / generational / gender** – have been placed under the responsibility of four employees of the Group of different nationalities, genders, age and functions, who are responsible for making proposals for improvement in the various areas concerned.

### Gender

During 2013, the gender diversity working group developed its approach on the basis of four areas:

- ongoing collaboration with the Valeo Group women's network to better understand the needs and challenges faced by women in the company;
- benchmarking practices and approaches undertaken by various international groups and with experts in gender diversity to gather their opinions and advice in identifying key success factors. Discussions have been initiated with the company Équilibres, which specializes in issues relating to equal opportunity and work – life - parenting balance in order to help Valeo structure its approach to gender diversity within the Group;
- internal survey conducted among Country Human Resources Managers to better understand the issues relating to gender diversity on each continent and analyse the tools and training available on local markets;  
raising the awareness of stakeholders in the company so that attitudes change, particularly in the Human Resources network but also amongst top management.

### Employees with disabilities

On the French sites Valeo has developed specific training for various groups of employees by getting them really involved in the initiatives that have been implemented. Disability awareness training sessions have been provided to the following groups:

- members of Management Committees (73% of people trained);
- managers (75% of people trained);
- disability assessors appointed under the agreement (100% trained);
- Human Resources and Health, Safety and Environment teams (72% of people trained);
- Health, Safety and Working conditions Committee members (65% of people trained);
- occupational medicine teams (80% of people trained).

For each group, different content and methods were presented with three common objectives:

- provide information about the main concepts related to disability;
- share information about the principal areas of the agreement and the actions implemented;
- help position people within the disability programme by providing concrete tools and training everyone in his or her role.

These widely deployed training courses have raised the awareness of 1,355 people or 74% of people to be trained and 174 people declared themselves disabled workers in 2013.

In addition to these initiatives, throughout the year on its French sites Valeo broadcast a film based on interviews with employees with disabilities. The film is subtitled in French for the hearing impaired and in English for international distribution.

In 2014, Valeo has the goal of raising the awareness of all employees on French sites through an amusing 30 minute training session, so that every employee feels involved in this disability initiative.

In 2013, an international project group was set up in order to expand the disability policy to the whole world from the beginning of 2014.

This global disability policy has five goals:

- put a diversity correspondent in place in each site plus a coordinator for each Business Group and country;
- launch an awareness campaign relating to integrating people with disabilities in the workplace aimed at the entire staff of every site;
- develop and implement a training plan for all stakeholders involved in disability within each site;
- within 3 years, in all countries, reach a minimum of 1.5% of employees with disabilities (or if it exists and is greater, reach the national legal minimum). Adapt workstations and premises in such a way as to maintain employees with disabilities in employment and recruit, train and promote employees with disabilities;
- increase turnover by 5% per year with companies specializing in getting people with disabilities into work until it reaches a maximum of 50% of the legal requirement or the minimum rate set by Valeo.

## **Generations**

At world level, the working group set up as part of promoting diversity met eight times during 2013.

The group focused its activities mainly on developing the following areas:

- the cultural differences in perception and legal aspects related to the notion of "young" and "seniors" depending on the country;
- the differences that may exist in the innate expectations of what are usually called the "Baby Boomers" (years 1946-64), "X" (years 1965-80 years) and "Y" (born after 1980) in relation to their professional development and work / life balance;

- the degree of fit between the needs expressed or expected by each generation and the degree to which they are satisfied;
- common elements that unite various generations within Valeo, in particular the “common business” and corporate values;
- maintaining professional motivation at all times, regardless of age;
- mentoring of older employees by younger managers and tutoring. Globally, 46% of Valeo sites have established a tutoring system. In Asia, 84% of sites have implemented this system;
- inclusion in succession plans of the future need to replace older people gradually as retirement approaches;
- adapting workstations to take into account ageing employees;
- the reasons for young people leaving and the retention policy;
- developing intergenerational diversity training and awareness raising modules.

During the fourth quarter of 2013, the Group established a multidisciplinary working group. It began the process of thinking about which aspects of ergonomics need to be considered, depending on age, in designing and adapting workstations.

In 2014 these aspects will be considered in greater depth with the goal being to produce concrete proposals.

### **Cultural diversity**

The working group on cultural diversity, set up in 2013, has a two-fold objective:

- successfully get multicultural teams to work together respecting and accepting differences of origin, religion, perception and feelings, sexual orientation, etc.;
- ensure the cohesion and efficiency of multicultural teams by avoiding potential conflicts through management training.

Various areas for work and action have been identified to achieve this:

- raise awareness of teams to cultural and social diversity: information about the principles of equality and non-discrimination, publication of articles, etc.;
- training as required: from general training to practical issues of conflict management in a multicultural team. In 2013, 38% of Valeo sites organized a training session on intercultural management;
- entrust country management teams with the management of cultural and social diversity in order to improve understanding of the sensitivity and priority to be given to these issues in different countries. The actions undertaken in each country must of course be fully consistent with Group’s overall direction;
- create appropriate tools to facilitate group work in multicultural teams;
- encourage the mobility of engineers and managers, a major focus for the development of cultural and social diversity;
- strengthen the use of English in some countries as a common working language to facilitate and improve communication.

All these areas of work are subject to a progress plan that is currently being defined. The result will be measured both by the number of nationalities in a given country, and whether it produces greater international mobility of teams.

In 2014 the working group will tackle how to transform these areas of work into concrete actions and accessible tools.

In parallel and with aim of adding to Valeo's social initiatives, activities targeting the most disadvantaged people in each country (sponsorship, training assistance, reintegration initiatives, etc.) will also be proposed. 25% of Valeo's sites have concluded agreements with local employment agencies for hiring or training recruits that are low-skilled, young, senior or changing profession.

## **1.2 Engineer and manager commitment survey**

In 2013, Valeo conducted a new global engagement survey, among engineers and managers.

12,554 engineers and managers responded, 79% of the workforce concerned. This rate is 7 points higher than the last survey in 2011.

The 2013 results indicate a significant improvement in the feelings of engineers and managers. Indeed, the managers have a more optimistic view about the Group and their job. The main subjects they raised in a particularly positive way were the improved image of Valeo top management and diversity; these criteria substantially contributed to increasing the commitment rate among this group.

Overall, the results improved similarly throughout the organization. This improvement is particularly noticeable in relation to Leaders (Group level managers). The management style is now seen as more innovative than in the past and more focused on decision making.

In 2011, Valeo set itself five major goals, and improvements were seen on each:

- differences of judgment in each management level have gone down;
- talent management has improved significantly, especially in the areas of recruitment, development and retention;
- more engineers and managers feel that decisions are taken at the right level of the organization, although some still express some incomprehension about excessive bureaucracy;
- decisions made by management are seen as being more in line with the Group values.

Currently, 29% of engineers and managers have a long term level of commitment.

This study also reveals areas for improvement, including:

- autonomy: encourage the delegation of decision-making and focus on the potential benefits of risk-taking;
- organizational efficiency: reduce bureaucracy and simplify the decision making process;
- learning and development: develop career paths, in particular in logistics networks, production and research and development.

Each entity has been made aware of its particular results, and will determine the four priorities that will be implemented in 2014 in the form of a local action plan.

### **1.3 Generation contract agreement**

In 2013 all the French companies in the Group conducted negotiations on the "generational contract". Of the 13 legal entities, five signed a "generational contract" and eight signed an action plan.

These agreements or action plans aim to promote:

- the recruitment and professional induction of young people within the company;
- the recruitment, retaining and retraining of employees described as older employees;
- the interaction between these two groups.

With this in mind it is a question of developing and maintaining employee motivation in their work and promoting the employability of each individual throughout his or her career by offering the means to upgrade skills and / or change career paths.

### **1.4 Harmonization of life insurance and invalidity care and healthcare costs for France**

Aware that the considerable disparity in schemes in the various Valeo entities in France is a factor in inequality and an obstacle to internal mobility, the management and union representatives launched wide ranging negotiations in autumn 2012. The French workers were at the time grouped into seventy different schemes depending on which Valeo site they belonged to, their professional category and the organization with which they were insured. The objective of the negotiations was to harmonize both the level of benefits and contributions and to appoint a single agency to manage healthcare costs on the one hand and insurance on the other. Consequently 15 negotiation meetings were needed to build the foundations for the two harmonized schemes applicable as from 1 January 2014. Only the employer's share of the health care contribution could not be harmonized on 1 January 2014; a transitional period was set with a view to achieving complete harmonization in three years. Valeo employees in France, whether management or non-management, now all benefit from the same healthcare and insurance schemes.

Following the signature of these agreements on 24 October 2013, the phase of informing the entire workforce was launched through poster campaigns, briefings, special documentation and interviews with human resources to ensure the implementation on 1 January 2014.

### **1.5 Continuation of the Top Employer certification for all Group host countries**

Continuing its policy of excellence in Human Resources Management, Valeo is continuing its "Top Employer" certification policy in its various host countries.

The "Top Employer" label is awarded by the CRF Institute and recognizes excellence in company human resources management. The excellence of Valeo has been recognized on

the basis of several criteria including HR performance related to remuneration, training and internal mobility.

In Europe, Valeo was certified "2013 Top Employer Europe" as a result of its human resources policy as deployed in France, Germany, Hungary, Poland, Italy, Ireland, Romania, Slovakia, Turkey, Spain, for the 2nd consecutive year and for the first year in the United Kingdom.

In America, Valeo also received the "2013 Top Employer" certification for the majority of countries in which it operates: the United States and Mexico for the first year and Brazil for the third consecutive year.

In Asia, Valeo received the new "Top Employer 2013 Asia-Pacific" certification through its certification for the third consecutive year in China, but in particular for the Top Employer certification obtained in the four new countries: Japan, India, South Korea and Thailand.

## **1.6 Setting up a whistleblowing system**

In 2014, Valeo put in place a dedicated whistleblowing system, which can be used in all countries where the Group operates, by all employees wishing to submit an alert to the Management about any risks of anti-competitive practices, bribery and fraud.

As a complement to the possibility of consulting with the Legal Department, or the Ethics and Compliance Office and/or reporting issues to their line management or HR, this new line of alerts offers employees a secured system, available in all the Group languages, which ensures confidentiality for employees and which is managed by an independent third party provider.

The line of alert offers several options:

- a dedicated hotline (that free telephone number is to be found on the intranet Ethics and Compliance Portal) which allows alerters to talk with a call handler in the language of their choice;
- a dedicated website, where alerters can fill-out a pre-established questionnaire in order to collect well documented and useable facts in the language of their choice;
- a dedicated e-mail address, where a message in all Group languages can be left.

In countries which allow it, an alert can also be submitted anonymously. In any case, the alert is handled with strict confidentiality.

## II. Environmental action

### 2.1 Improving reporting and verifying environmental indicators

For over 10 years and on all sites, Valeo has employed a centralized reporting tool, the Valeo Risk Indicators (VRI), which measures the sites' environmental performance via an Internet platform. Quarterly or annually for certain parameters, this tool collects information on more than 200 indicators, regularly managing the environmental performance of the Group's sites and objectives. Among the many indicators available through VRI, every year the Group selects those that will be published in the Reference Document in terms of its key environmental issues, its performance objectives, the relevance to the activities of the automotive supply sector and the expectations of its stakeholders. These indicators are also presented in a manner consistent with the guidelines of the Global Reporting Initiative (GRI).

In 2013, the *Valeo Risk Indicators* were developed further to ensure even better site reporting reliability. For example, HSE representatives responsible for reporting must now accurately specify all the industrial processes on their site. Mapping the Group's industrial sites in this way gives the independent third party responsible for verifying environmental information better control of the data submitted in relation to the activities on each site.

The environmental data published relates to all production sites and distribution platforms worldwide, excluding the Group's minority holding subsidiaries and administrative sites, making a total of 122 sites reporting environmental indicators.

Furthermore, as in previous years, all the responses from the sites have been consolidated and have been the subject of a thorough audit by an external service provider to ensure their quality. This audit includes questioning sites when there is a significant variation in a particular parameter from one year to the next in order to ensure the reliability of the final indicator. Almost 100,000 pieces of data have been processed and validated.

In accordance with article 225 of the French "Grenelle 2" law of 12 July 2010, decree no. 2012-557 of 24 April 2012 relating to transparency requirements for corporate social and environmental issues and the order of 13 May 2013 laying down conditions under which the independent third party conducts its mission, an independent third party will verify the information published by French companies. In 2012, in spite of the ministerial decree defining the modalities for this audit not having been published, Valeo decided to entrust an independent auditor with conducting an audit of its social and environmental information for four sites in France and Spain.

In 2013, Valeo had six sites in France, Thailand, China and Poland audited. The four sites previously audited in 2012 were subject to a follow-up audit.

## 2.2 Identifying environmental issues

<b>“Grenelle” topic</b>	<b>Powertrain Systems</b>	<b>Thermal Systems</b>	<b>Comfort and Driving Assistance Systems</b>	<b>Visibility Systems</b>	<b>Valeo Service</b>
Organization and policy	ISO 14001, ISO 50001 and OHSAS 18001 certifications Regulatory compliance				
Sustainable use of resources	• Water and energy consumption	• Water and energy consumption		• Water and energy consumption • Packaging consumption	• Packaging consumption
Emissions and pollution	• VOC emissions <sup>(1)</sup> • Management of chlorinated solvents	• Refrigerant management	• VOC emissions <sup>(1)</sup>		
Waste management	• Production of waste				• Waster recycling
Climate change	• Indirect GHG emissions <sup>(2)</sup>	• Direct and indirect GHG emissions <sup>(2)</sup>			• GHG related to product transport

(1) VOC: volatile organic compound

(2) GHS: greenhouse gas

## 2.3 Review of environmental performance

Objectives	Unit	Target 2015 (base 2012)	Results 2012	Results 2013	Results 2013 (base 2012)
Sustainable use of resources					
Reduction in water consumption	m <sup>3</sup> /M€	- 10%	215	211	- 1.9%
Reduction in energy consumption	MWh/M€	- 10%	158	158	0%
Reduction in the consumption of packaging materials	kg/M€	- 7%	6.1	6.6	+ 8%
Waste production					
Reduction in the production of dangerous and non dangerous waste	t/M€	- 7%	17	17	0%
Low carbon					
Reduction in direct and indirect greenhouse gas emissions (Scope 1 and Scope 2)	tCO <sub>2</sub> /M€	- 10%	56.7	59.6	+ 5%
Management systems					
ISO 14001 certification	% of sites (i)	100 %	96%	94%	- 2%
OHSAS 18001 certification		100%	88%	88%	0%
ISO 50001 certification (energy management)	% of sites	10%	--	1.7%	NA

(i) For new sites, obtaining ISO 14001 and OHSAS 18001 certifications within three years after entering the Group

Having reduced its water consumption by 32% from 2010 to 2012, in 2013 Valeo continued to record a further reduction of almost 2%. Energy consumption and waste production were stable compared to 2012. Production of packaging materials continued growing.

On one hand these figures can be partly explained by a significant change in the scope of reporting in 2013: disposal of Group "access mechanisms" product sites and the inclusion of new sites that begin the process of reducing environmental impacts." On the other hand, calculation tools available sites within the reliability of the reporting tool indicators Valeo Risk Indicators (VRI) have improved understanding of what needs to be reported by the

responsible in charge of reporting. These two factors have led to a decline in the performance of certain indicators.

## **2.4 Sites' environmental action**

### **Substances depleting the ozone layer**

Several sites have started the process of replacing old substances that deplete the ozone layer with more environmentally friendly substances:

- Sablé-sur-Sarthe (Powertrain Systems, France): the management has decided to anticipate the expiry date for the gas R22 (HCFC banned from 2015). The R22 has been replaced by the R407A, which is not harmful to the ozone layer;
- Meslin l'Évêque (Visibility Systems, Belgium): the site has replaced its last coating machine using CFCs by a more environmentally friendly machine;
- San Luis Potosi (Powertrain Systems, Mexico): it went from 1,599 kg to 245 kg of HCFC classified products as a result of replacing traditional gas by a more environmentally friendly gas in nine of its machine;
- Mondeville (Comfort and Driving Assistance Systems, France): the site has replaced R22 gas (HCFC banned from 2015) by the R422D in nine machines, without having to change its facilities.

### **Energy consumption**

In 2013, 69 sites reported having taken new energy efficiency measures during the year.

The near stability of the total energy consumption recorded by the Group in 2013 was achieved through a number of initiatives on sites. Some of the major projects undertaken were:

- recovery of energy generated by the compressors to heat premises and workshops: this is the case for example on the Kohnan (Thermal Systems, Japan) Chrzanow (Visibility Systems, Poland) and Meslin l'Évêque (Visibility Systems, Belgium) sites;
- replacing inefficient equipment with more energy-efficient equipment or reducing the amount of equipment Ferentino (Thermal Systems, Italy), Foshan (Thermal Systems, China), Laval (Thermal Systems, France);
- automatic timer for heating and lighting: Tanger (Visibility Systems, Morocco);
- management of production equipment pauses: Sainte Florine (Powertrain Systems, France) Sablé-sur-Sarthe (Powertrain Systems, France), Chennai (Powertrain Systems, India), Chonburi (Comfort and Driving Assistance Systems, Thailand);
- improving the insulation of buildings: Wemding (Comfort and Driving Assistance Systems, Germany);
- finding leaks in compressed air systems: this has been widely deployed in all divisions, especially during the annual production shutdown.

## Greenhouse gases

The Group is stepping up initiatives to reduce its carbon footprint, whether it is at site level, logistics or upstream in the design of products, such as:

- projects implemented on sites to improve energy performance;
- optimizing transport for finished products;
- local initiatives implemented by industrial sites as regards employee transport. In 2013 there was an increase in these initiatives including in particular incentives for carpooling or the organization of shared transport for employees directly by sites. These two initiatives are in place on a large number of sites in Asia (Thailand, India, Japan, China, etc.). There are also more specific initiatives such as the purchase of low-carbon vehicles for the vehicle fleet on some sites (Humpolec in the Czech Republic, Jonan in Japan), or engine maintenance on employees' vehicles (San Luis Potosi in Mexico, Sao Paulo in Brazil, Pune in India and Chonburi in Thailand).

Furthermore, production sites are most frequently located near customer sites, thereby minimizing emissions from the transport of finished products.

## Biodiversity

Many sites are involved biodiversity-related projects. These include:

- **Hudson (Comfort and Driving Assistance Systems, United States)**. In 2013 the Hudson site in the USA introduced a large number of initiatives to protect biodiversity: recovery and recycling of batteries, recycling ink cartridges, distribution of reusable bags with information on recycling, distribution of seeds for planting (vegetables, fruits, plants), recovery of old phones to donate to local associations, conversion of waste into energy by burning;
- **San Luis Potosi (Powertrain Systems, Mexico)**. The San Luis Potosi site in Mexico is involved in reforestation and in 2013 participated in three campaigns with a local university, the city council and the industrial park where the site is located. The 500 trees that were planted all came from the nursery created by the site.

### 2.5 ISO 50001 certification

In the framework of the objective to improve its environmental performance between 2013 and 2015, Valeo wants 10% of its sites to obtain ISO 50001 certification for energy management by the end of 2015.

In 2013, two sites have already obtained this certification:

- Martorellas (Thermal Systems, Spain);
- Wending (Comfort and Driving Assistance Systems, Germany).

### **III. Societal action**

#### **3.1 In line with the Global Compact principles: improvement in Valeo's extra-financial ratings**

In 2013, the Group completed the Carbon Disclosure Project (CDP) survey which evaluates companies on the transparency of their communication as regards climate impact: Valeo is consequently one of the 35% of companies in the SBF 250 that responded to the "CDP 2013 France" questionnaire. After a transparency score of 61 points out of 100 in 2012, this year the Group obtained a transparency score of 76 points out of 100, slightly above the French average. With a score of C for performance, Valeo is also among the average.

As announced last year, in 2013 Valeo carried out its first Water Footprint survey under the Carbon Disclosure Project (CDP). Though the survey does not yet issue ratings, it did provide Valeo with a fuller view of stakeholder concerns on the matter. Valeo will continue its Water Footprint program in 2014.

Valeo's social, societal and environmental performances are also evaluated by international rating agencies such as RobecoSAM (Sustainable Asset Management) in the context of establishing the Dow Jones Sustainability Indexes (DJSI). In 2013 the Group obtained an overall score of 68 points out of 100, significantly higher than the industry average which is 51.

Oekom-Research, another international extra-financial rating agency, analysed the sustainable performance of 40 automotive OEMs. Of the 16 companies included in the ranking, Valeo is in 3rd place.

The Centre Français d'Information sur les Entreprises (CFIE-conseil - French company information centre) analysed the quality of information provided as regards the environmental performance of 44 French companies; Valeo was also in third place in this ranking.

#### **3.2 North American diversity programmes applied to suppliers**

In the framework of specific North American diversity programmes (U.S. and Canada) as regards minorities, integration criteria for women and minorities in business ("Women Business Enterprises", WBE, and "Minority Business Enterprises", MBE) were added to the evaluation criteria for American and Canadian suppliers – with regard to both the process of qualifying suppliers and the selection and attribution committees involving entities located on North American soil. In 2013, Valeo developed sales with more than 50 suppliers that meet the above diversity criteria (WBE and / or MBE).

### **3.3 Establishing a corporate social responsibility (CSR) questionnaire which will be in line with a Communication in Progress**

In 2013, as part of its policy to strengthen the support of its suppliers throughout the supply chain, the Sustainable Development and Purchasing departments launched a questionnaire on corporate social responsibility (CSR) choices with a representative sample of suppliers as to their sales volume, totalling a total turnover of 750 million euros with Valeo.

Among other things the results of this survey show that three out of four respondent suppliers have, in addition to the Valeo Group requirements, a clear CSR policy based on a charter, code of conduct, best practices and an instruction panel. In this regard, a large majority of Valeo suppliers are involved in voluntary certification and labelling programmes in relation to their sustainable development policy, and have been audited by a third party on these criteria.

It also appears that about 75% of these companies have established an environmental policy, report on environmental indicators and encourage all the sites in their groups to put measures in place to reduce their environmental impact. It also appears that more than half of the responding companies reported having obtained ISO 14001 certification for their sites. Valeo also wanted to collect information about the exposure of these companies to climate risks such as floods, tsunamis, or earthquakes. 95% of companies responding to the questionnaire reported having less than 10% of their sites exposed to such risks. Finally, more than two thirds of the companies surveyed indicated that more than 60% of their sites have an automatic fire safety sprinkler system.

Through this type of questionnaire, Valeo intends taking its experience of corporate responsibility to its suppliers by disseminating its quality and responsibility requirements that are important elements in risk management, and by setting a good example that will encourage all its suppliers to deploy the same principles throughout the supply chain.

### **3.4 Involvement in writing the technology roadmaps within the ERTRAC automotive research platform for the European Commission**

As the European Commission's official technology platform in operation for the last 10 years, ERTRAC is responsible for steering and coordinating road transport policy research. It is chaired by the manufacturer, Volkswagen; Valeo meanwhile, has been in the position of automotive suppliers' leader since 2008. This Europe wide body is responsible for guiding and strengthening road transport policy research within European Union bodies.

This platform is built around public and private organizations (governments, various associations involved in mobility, the environment and consumers) and the appropriate Directorates General of the European Commission.

In 2013, ERTRAC deployed a multi-year plan of research topics under Horizon 2020 (Framework Programme No. 8/FP8 (1)) and has established multi-stakeholder roadmaps on the following topics:

- types of energy and propulsion (recent emphasis on research topics related to electrification);
- heavy goods vehicle transport in an urban environment.

The content of the various topics proposed was approved and adopted by the European Commission, which officially awarded the first levels of the corresponding budgetary resources. In this respect 2013 was a pivotal year between the end of FP7 (2007-2013) and the definition of FP8 - H2020 (2014-2021). Valeo greatly contributed to the suggestion of topics covering both industrial and societal issues through collaboration with its OEM customers and other stakeholders, with a more societal dimension.

*(1) Framework Programmes for Research and Technological Development (FP), also called Framework Programmes or abbreviated to FP (the acronym of Framework Programme), are funding programmes created by the European Union to support and promote European research for the purpose of supporting the competitiveness of European industry.*

### **3.5 Involvement in local communities**

Valeo is also keen to play an exemplary role in sustainable development in relation to the communities in which it operates.

#### **Environmental Initiatives**

Two sites have distinguished themselves and have received awards from their local governments:

- the San Luis Potosi site in the Powertrain Systems Division in Mexico has received an award from the municipal council of the city of San Luis Potosi for driving three reforestation campaigns in the year 2013. These campaigns were organized at the University, at the town hall, and in the industrial park where the plant is located. The 500 trees that were planted came from the site's nursery;
- another site in the Visibility Systems Division in San Luis Potosi received the "State Quality Award Plus" from the city's Chamber of Commerce. This recognition followed an audit including the site's ability to reduce its impact on the environment (waste management, air emissions, etc.), involvement of the site in health issues (immunization campaigns, daily verification of hygiene in the site canteen, etc.), and safety (risk analysis for all workstations, ergonomics improvement programme, etc.).

#### **Societal initiatives**

##### Assistance for families and leisure activities

Benefits in addition to employee salaries have an impact on the local economy and produce a knock on effect. These benefits include financial aid for employees with children, as well as financial aid for holidays, sports, and recreation for families.

In Asia, where about a third of all Valeo employees are located, eight out of ten sites offer financial support to Valeo employees and fund leisure activities, sports and holidays.

Similarly, half of Valeo sites in Africa provide financial support for employees with family responsibilities (children).

#### Valeo site donations for local cultural and educational activities

Each Valeo site decides on its own donations policy. This depends on local conditions, its integration in an economic fabric and its own particular culture.

Overall, donations for educational and cultural activities have developed on different sites across the world. More than 120,000 euros in aid and grants were awarded to schools and local associations in 2013.

#### Solidarity fund for employees in difficulty

As a continuation of Valeo's 5 Axes, in which employee involvement underpins our corporate culture, sites have developed employee solidarity schemes that offer assistance in particular situations (illness, disaster, death, etc.). In Western Europe, more than half of the sites have set up specific funds for employees facing all kinds of life challenges. A third of the sites worldwide have done the same.

#### Local employee solidarity

In Poland, many Valeo sites are partners in "the noble box project" initiative. This solidarity initiative, set up in 2001, aims to provide assistance to families in need during the Christmas holidays. The special nature of this initiative is its personalised, effective and practical approach to the needs of families. Sites in Skawina (Thermal Systems and Visibility Systems, Poland) are particularly involved in this initiative.

#### Valeo public transport: contribution to employees' travelling costs and safety when commuting to and from work

Wanting to limit the cost of commuting to the workplace for its employees, a number of Valeo sites have implemented pickup shuttle services for their employees. In Asia, 77% of sites offer this service to their employees, and consequently help to reduce the economic and environmental impacts of individuals travelling alone to their workplace.

These initiatives are also linked to safety concerns about employees in certain regions of the world (e.g. to avoid aggression or physical violence against women a bus takes them directly home). Nearly 90% of sites in South America have implemented similar initiatives.

#### Local and responsible subcontracting

Valeo sites have developed policies aimed at increasing the employability of people with disabilities, but also those aimed at supporting the development of companies employing a majority of people with disabilities (ESAT – a French organization of establishments and assistance services through work).

In France, more than 75% of Valeo sites call on structures employing workers with disabilities or on ESATs by means of subcontracting services. These business relations not only help maintain the dynamism of the different regions, but also promote the profile and skills of each person as an individual.