



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 internal 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. The corporate representative officers, the executive corporate representative officers and the non-executive corporate representative officers are the persons designated as such by the AFEP-MEDEF Corporate Governance Code for Listed Companies.

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, the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Companies, 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 1,500 Company shares. This rule does not apply to the director representing employees referred to in article L. 225-27-1 of the French Commercial Code.
- (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 Senior Independent Director and the Board of any conflict of interest (whether actual or only potential) and must abstain from voting in connection with any matter as to which such a conflict of interest (whether actual or only potential) 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, 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 or investors, unless he/she is entrusted with a specific mission by the Board or the committee of which he/she is a member. This restriction shall not apply to the Senior Independent Director, in accordance with article 1.7(b) of the Board's internal procedures.
- (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 or, as applicable, the Chairman and Chief Executive Officer of the Company, where both roles are held by the same person, 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.
- (n) The Director cannot accept any responsibilities that may present a conflict of interest (whether actual or only potential) with those he/she has accepted within the Company.

¹ The “**Group**” includes the Company and all its subsidiaries.

- (o) The Director must dedicate the necessary time and attention to the performance of his/her duties and inform the Chairman and the chairman of the Governance, Appointment and Corporate Social Responsibility Committee if he/she is solicited to hold a corporate office outside the Company so as to consider the decision to be taken, in consultation with the Board. In addition, each executive corporate representative officer shall obtain the opinion of the Board before accepting a new corporate office in a listed company.

1.2 Composition and operation of the Board

- (a) The Directors whose appointments are presented at Shareholders' Meetings based on the Board's proposal are presented based on proposals from the Governance, Appointment and Corporate Social Responsibility Committee.
- (b) Each year, prior to the publication of the annual report, the Board evaluates the independence of the Directors. A discussion of the Director's status as independent is also held whenever a new Director is appointed to the Board.

In connection with these evaluations, the Board examines on a case-by-case basis the qualification of each of its members or, as applicable, of the proposed new director in light of the criteria mentioned below, the specific circumstances and the situation of the Director concerned, the Company, and the Group, and the opinion of the Governance, Appointment and Corporate Social Responsibility Committee. The conclusions of this evaluation are presented to the shareholders in the annual report and, as applicable, to the Shareholders' Meeting when the Directors are appointed.

Independent Directors are those who have no relationship of any kind 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 or have not within the past five years been (a) an employee or executive corporate representative officer of the Company, (b) an employee or executive corporate representative officer or director of a company consolidated in the Company's financial statements, or (c) an employee, executive corporate representative officer or director of the Company's parent company or a company consolidated by said parent company,
- (ii) those who are not an executive corporate representative 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 an executive corporate representative officer of the Company or who has been an executive corporate representative 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. The Board holds a debate over whether or not the relationship with the Company or the Group qualifies as significant, and the quantitative and qualitative criteria used for the assessment (continuity, economic dependence, exclusivity, etc.) are explicitly stated in the annual report,

- (iv) those who have no close family relationships with a corporate officer,
- (v) those who have not been a Statutory 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. Status as an Independent Director is lost on the twelve-year anniversary of his/her appointment.

If an Independent Director loses his/her status as an Independent Director on the twelve-year anniversary date, he/she must be replaced by no later than the Shareholders' Meeting following the date of said loss of status.

A non-executive corporate representative officer cannot be deemed independent if he/she receives variable remuneration in cash or shares, or any remuneration tied to Company or Group performance.

Directors who represent major Company shareholders can be deemed independent if those shareholders do not participate in controlling the Company. However, above a threshold of 10% of the share capital or voting rights in the Company, the Board will, in reliance on a report from the Governance, Appointment and Corporate Social Responsibility Committee, 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 may be convened by any means, including by verbal means, by the Chairman or, in the event that the Chairman is prevented from attending, the Vice Chairman or any director (including the Senior Independent Director) temporarily appointed to the office of Chairman, in accordance with article 15 of the Company's by-laws, or by directors representing at least one third of the members of the Board, if he/she is a Director, by the Chief Executive Officer or a deputy chief executive officer, in accordance with article 16 of the Company's by-laws or by the Senior Independent Director in case of an emergency where the Chairman is not prevented from attending.
- (d) 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.

The Senior Independent Director may also request at any time that the Chairman convene the Board with a specific meeting agenda.

- (e) 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 any Director (including the Senior Independent Director) who may temporarily be assigned the Chairman's duties or by a Vice-Chairman, in accordance with article 15 of the Company's by-laws.

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 vote, 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.

- (f) 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 (or, as applicable, the Chairman and Chief Executive Officer, where both roles are held by the same person) 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 Chairman of the Board and/or the Senior Independent Director thereof and to request from the Chairman of the Board (or, as applicable, the Chairman of the relevant committee) or the Senior Independent Director, who will notify the Chairman of the Board or the Chairman of the relevant committee thereof, 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. Any Director may request that the Chairman or the Chief Executive Officer (or, as applicable, the Chairman and Chief Executive Officer, where both roles are held by the same person) 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 (or, as applicable, the Chairman and Chief Executive Officer, where both roles are held by the same person) 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.
- (c) 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 France, subject to the ratification of such a decision at the following Ordinary Shareholders' Meeting;
 - to make the necessary amendments to the by-laws, on delegated authority from the extraordinary Shareholders' Meeting, to put them in compliance with statutory and regulatory provisions, subject to ratification of such amendments at the following extraordinary Shareholders' Meeting;
 - to authorize surety bonds, endorsements and credit guarantees;
 - to approve the Chairman's report on corporate governance and internal control;
 - to issue bonds and/or non-dilutive securities (whether or not share equivalents);
 - 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.
- (e) The Board shall also be informed of developments in the market, the competitive environment, and major issues including on the topic of corporate social and environmental responsibility of the Company.

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 and debated;
 - evaluate the actual contribution made by each member to the work of the Board.

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.

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

1.7 Senior Independent Director (Administrateur Référent)

- (a) Where the general management of the Company is handled by the Chairman of the Board of Directors, the Board may appoint any one of its independent members to the role of senior independent director (the "**Senior Independent Director**") on the recommendation of the Governance, Appointment and Corporate Social Responsibility Committee.

The Senior Independent Director is appointed for a term not exceeding that of his/her term as a director. He/she may be re-appointed. The Board may terminate his/her appointment at any time, and the appointment will terminate in advance of term if the role of Chairman of the Board of Directors is separated from the role of Chief Executive Officer before the end of the Senior Independent Director's term.

(b) The duties of the Senior Independent Director are as follows:

Organisation of the work of the Board

The Senior Independent Director:

- may convene the Board in the event of the temporary absence or death of the Chairman, with delegation of authority from the Board, in accordance with article 15 of the Company's by-laws or in case of an emergency even where the Chairman is not prevented from doing so as stated above;
- may ask the Chairman to convene the Board with a specific meeting agenda;
- must be consulted by the Chairman on (i) the annual strategic plan that is to be included on the agenda of Board meetings and (ii) the agenda for Board meetings and may propose the inclusion of additional items on the agenda;
- ensures compliance with the Board's internal procedures.

Relationships with Directors

The Senior Independent Director maintains a regular open dialogue with each Director, especially independent Directors, and if necessary may act as a spokesperson to the Chairman.

The Senior Independent Director ensures that the Directors have all necessary information to carry out their work and, for such purpose, verifies that the information to be circulated to them prior to Board meetings is circulated in keeping with the Board's internal procedures.

At least once a year, the Senior Independent Director holds a meeting of the non-executive members of the Board, without the executive corporate representative officers, for purposes including but not limited to (i) the assessment of the performance of management, and (ii) the assessment of the performance of the Board prior to the meeting referred to in article 1.6(a) of the Board's internal procedures. These meetings are chaired by the Senior Independent Director.

The Senior Independent Director also attends Board meetings on the assessment of the performance of the Board held in accordance with article 1.6(a) of the Board's internal procedures, and reports thereat on the conclusions of the meeting of the non-executive Directors held pursuant to this article 1.7(b).

Operation of governing bodies

The Senior Independent Director:

- may attend and participate in any committee meetings, including committees of which he/she is not a member;
- may be appointed to chair one or more Board committees;

- has access at all times to the Board committees chairs with whom he/she is in regular contact.

Handling of conflicts of interest

Regarding conflicts of interest, the Senior Independent Director:

- prevents them from occurring by raising awareness of the circumstances that may generate such conflicts of interest;
- notifies the Board of any conflicts of interest concerning the corporate representative officers and other members of the Board as may have been identified by the Senior Independent Director directly or brought to his/her attention in accordance with article 1.1(d) of the Board's internal procedures.

Relationships with the management

The Senior Independent Director is in regular contact with the management and ensures that any information relevant to the Company is reported to the Board. Moreover, the Senior Independent Director may maintain a direct relationship with the Group's financial officer and its general counsel and secretary to the Board.

Relationships with shareholders

The Senior Independent Director is informed by the Chief Executive Officer (or if relevant, the Chairman and Chief Executive Officer, where both roles are held by the same person) of the concerns of any major shareholders of the Company not already represented on the Board and ensures that they receive a response thereto.

Resources provided to the Senior Independent Director and report on his/her activities

For the purpose of the aforementioned tasks, the Senior Independent Director has access to all committees' work and the information made available to the committees of the Board as well as to any other documents or information he/she may deem relevant or useful to achieve his duties.

The Senior Independent Director reports to the Board on an annual basis.

He/she attends Shareholder's Meetings and may be invited by the Chairman to report to the shareholders on his/her actions.

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. Subject to notifying the corporate representative officers and reporting thereupon to the Board, each Committee may decide to hear members of the Group's executive management or third parties in order to carry out its duties.

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 and Risks Committee, the Compensation Committee, the Governance, Appointment and Corporate Social Responsibility 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, the most recent versions of which were approved by the Board of Directors on January 26, 2017, as to the Strategy Committee, the Audit and Risks Committee, the Compensation Committee and the Governance, Appointment and Corporate Social Responsibility Committee. 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 AND RISKS COMMITTEE

PREAMBLE

The purpose of these internal procedures is to further define the responsibilities of the Audit and Risks Committee (hereinafter the “**Audit and Risks 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 and Risks Committee.

The Board shall appoint the Chairman of the Audit and Risks Committee.

The members of the Audit and Risks Committee are chosen based on their financial or accounting skills. If needed, the members of the Audit and Risks 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.

The executive corporate representative officer is not a member of the Audit and Risks Committee but may be invited to attend the Committee’s meetings.

The Senior Independent Director may attend the Committee's meetings if not already a member thereof.

The number of independent board members on the Audit and Risks Committee must not be less than two thirds of the total number.

The Internal Audit Director, or any other person appointed by the chairman of the Audit and Risks Committee (hereinafter “**Chairman of the Committee**”), acts as secretary of the Committee.

The Audit and Risks 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 opinions and recommendations of the Committee shall be adopted by simple majority of the present members, with the Chairman of the Committee giving the casting vote.

The Committee shall meet, with the statutory auditors present, at least three times a year, notably 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 (or, as applicable, the Chairman and Chief Executive Officer, where both roles are held by the same person). The Audit and Risks 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 and Risks Committee are the general management, the management of the finance department, the legal department and the ethics and compliance department, as well as the Company's statutory auditors. Meetings with the management of the finance department, the legal department and the ethics and compliance department, as well as with the company's statutory auditors, may take place outside the presence of the corporate representative officers and the members of the general management, if decided by the Committee, subject to the prior notification of the Chairman and the Chief Executive Officer (or, as applicable, the Chairman and Chief Executive Officer, where both roles are held by the same person). 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 provided that it ensures that they possess adequate skills and independence, subject to notifying the Chairman of the Board or the Board in advance. 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 and Risks Committee as defined by the Board are the following:

a) Financial Statements:

- ensure the relevance, permanence, 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 entities 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 finance 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 and Risks Committee before they are reviewed by the Board. In addition, the examination of financial statements by the Audit and Risks Committee must be accompanied by (i) a note from the statutory auditors in order to report on the conduct of their task and the conclusions of their work. This enables the Committee to be informed of the main areas of risk or uncertainty relating to the accounts as identified by the statutory auditors, their approach to the audit and any difficulties that might have arisen during the conduct of the task; and (ii) a presentation from the chief financial officer describing risk exposure and significant off-balance sheet commitments of the company, together with the relevant accounting options. The Audit and Risks Committee shall hear the statutory auditors, the management of the finance 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 and assess the significance of any deficiencies or weaknesses of which it has been notified and informs the Board if necessary;
- examine the accounting and financial treatment of any acquisition or divestiture transactions of a value exceeding 50 million euros each, in consultation with the Strategy Committee if necessary, and examine important operations during which a conflict of interest may have occurred.

b) Internal Audit, Internal Control and Risk Management:

- ensure the follow-up of the effectiveness of the risk management and internal control systems and, where applicable, the internal audit concerning the procedures relating to the preparation and processing of the accounting and financial information within the Group. To do so, the Committee monitors the existence of risk management and internal control systems which are intended to permit the identification, the analysis and the management of risks as well as the continuous improvement in the prevention and control of all types of risks to which the Group can be exposed in the exercise of its activities and especially those risks which may have an impact on financial and accounting information;
- be regularly informed by the general management of the organization and functioning of the risk management and internal control procedures;
- examine on a regular basis the cartography of the main risks identified by the general management, the results of the risk management and internal control procedures and to examine the relevance of the risk management follow up procedures and to ensure that appropriate action plans have been implemented in order to correct any problem or weakness which has been identified;
- be informed of the main deficiencies and weaknesses which have been identified and of the action plans implemented by the general management;
- receive internal audit reports or a periodical summary of these reports;
- ensure the follow-up of issues relating to the control of accounting and financial information and in relation to the procedures to prepare such information;
- 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;

- meet with the individuals responsible for Group internal audit on a regular basis and advise them on the organization of their department; stay informed of their work program;
- review, on a regular basis, the reports of the Group's external auditors concerning their works as well as the responses of the general management;
- examine and give input on the draft report of the Chairman of the Board to the shareholders' general meeting regarding the internal control and risk management procedures of the Company;
- respond to any question relating to internal control, risk management and internal audit submitted by the Board and, in this regard, to request any information required from the general management;
- the Committee will meet once a year to examine issues relating to internal audit, internal control and risk management.

c) Statutory Auditors

- evaluate the compliance with rules, principles and recommendations guaranteeing the independence of the statutory auditors and monitor their independence, in particular by examining with the statutory auditors any risks affecting their independence and the preventive measures taken to attenuate these risks;
- supervise the selection or renewal procedure concerning the statutory auditors by ensuring that the "best offer" and not the "lowest bidder" is selected and by complying with the rotation obligations required by law, 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 in accordance with legal provisions;
- be informed of the fees paid by the Company and the Group to the firm and to the network of statutory auditors, as well as the services provided other than certification that are directly linked to the mission of a statutory 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 statutory auditors' independence (see article 3 for the specific conditions for monitoring);
- pre-approve services other than certification under the conditions described in article 3 of these internal procedures.

d) Financial Policy:

- be informed by the general management of the financial situation of the Group, of the methods and techniques used to define the financial policy; to stay regularly informed of the guiding principles of the Group's financial strategy;

- review, before they are released, of financial and accounting communications external to the Group or which can affect the Group's financial situation or perspectives;
 - provide an opinion on any resolutions which relate to the annual accounts of the Company or to the Group's consolidated accounts which are to be presented to the shareholders' general meeting;
 - 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 statutory auditors, as well as any conflict of interest of which it may be aware.
- e) Other responsibilities of the Committee:
- to be informed by general management and to regularly hear the management of the tax department about the Group's tax strategy and its implications;
 - to be informed by general management and to regularly hear the management of the IT department on the Group's IT security and governance policy;
 - to periodically review the Group's policy on ethics and compliance as well as the methods and procedures for implementing the policy;
 - to be informed by general management and to regularly hear the management of the insurance department about the insurance program within the Group;
 - to regularly receive from Group general management information concerning financial teams organization and succession plans for those teams.

f) Miscellaneous

Any risk-related subject may be handled by the Committee as part of its yearly duties.

Article 3 – Approval of services provided by statutory auditors

The provision of a service other than certification of financial statements is subject to the following in accordance with the conditions set out in the new provisions of the French Commercial Code:

- approval from the Committee;
- statutory auditor verification of its independence.

Approval from the Committee is required whenever services other than certification of financial statements will be provided by the statutory auditor (or members of its network in France or abroad) to the Company, entities that control or are controlled by the Company within the meaning of article L. 233-3 (I) and (II) of the French Commercial Code.

To give approval, the Committee examines the type and scope of services submitted for approval with regards to the laws and regulations governing statutory auditor independence.

Where no procedure has been established by the provisions, the Committee has set up a process whereby it can meet its obligations, by drawing up a list of services other than certification of financial statements that may be provided by statutory auditors or their network and the appropriate authorization procedures. Each year, the Committee will examine and pre-approve the list of services that may be provided by statutory auditors, and it will examine the list of prohibited services. These lists may be reviewed and amended by the Committee at any time as needed. Any pre-approval is valid for twelve months save as otherwise decided by the Committee.

Implementation of the above procedure requires making distinctions between:

- certification of financial statements: this service does not require prior Committee approval other than the requisite approval of the budget for auditing fees;
- services other than certification of financial statements required by the provisions, which must be carried out by law or regulation, authorized in an overall process (general approval whereby the Committee gives yearly approval to all services that must be carried out during the financial year pursuant to law or regulation). These services are pre-approved annually by the Committee;
- non-prohibited services other than certification of financial statements that are pre-approved by assignment category. This pre-approval by assignment category is suited to services usually provided by the statutory auditors, which have already been analyzed for independence risks and found not to jeopardize statutory auditor independence;
- non-prohibited services other than certification of financial statements for which individual approval is necessary. The Committee takes its decision after analyzing the risks to independence and protective measures set up by the statutory auditor. It issues formal conclusions;
- prohibited assignments for statutory auditors and their network.

a) Certification of financial statements

Assignments involving certification of financial statements do not require Committee approval. The terms for performing certification and auditing fees are presented once a year to the Committee.

These services involve all work that cannot be separated from certification, i.e. everything necessary to issue certification reports on financial statements and the reports or statements that must be made available to the ordinary general meeting of shareholders convened to approve financial statements.

This includes:

- certification of annual financial statements;
- work on internal control contributing to an opinion, including where required for a listing on a foreign exchange (e.g. work required by U.S. law under Sarbanes-Oxley (SOX));

- limited review of quarterly or half-year financial statements;
- review of regulated agreements;
- review of the annual management or financial report;
- review of the reference document;
- work on the consolidation package for various Group entities;
- statements and certificates that must be made available to the ordinary general meeting convened to approve financial statements;
- work on forecast documents, early warning procedures (*procédure d'alerte*), and disclosure of violations of law, etc.

Where relevant, the Committee approves any change to the terms, conditions, and fees of the statutory auditors that may result from changes to the scope of financial statement certification services, and in particular where there are changes to the structure of the Company and/or Group, or any other such event.

These services are described in Appendix 1 hereto.

b) Services other than certification of financial statements required by the legal provisions

These services involve specific duties initiated by the entity or at the special request of regulators, and include (without limitation):

- work on issuing reports for the extraordinary general meeting (reports on equity-related transactions, issues of new shares with cancellation of preferential subscription rights, share capital reduction, etc.);
- work on an operation note (*note d'opération*) or a prospectus for a market transaction (listing of securities for instance, issue of securities to the public, etc.);
- work that could be required for certain company categories as requested by regulators.

A formal, overall approval will be issued by the Committee annually.

c) Services other than certification of financial statements authorized based on the assignment category

In this procedure, the Committee authorizes the supply of categories of services, other than certification of financial statements, in principle, where they are commonly provided by statutory auditors and thus do not raise any *prima facie* issues of statutory auditor independence. The Committee makes its decision after receiving a statement from the statutory auditor confirming that the assignment does not jeopardize statutory auditor independence in light of the purpose of and conditions for completing the assignment. The list of such services is set out in Appendix 2.

These services are pre-approved by category by the Committee when the budget for statutory auditor fees and the annual audit plan is submitted.

When the services are proposed, the management of the accounting department (overseen by general management) verifies that the services come within the scope of pre-approved service categories, while abiding by the thresholds defined by the Committee. The Committee pre-approves an annual budget for these services of seven hundred thousand euros for the panel of statutory auditors, covering assignments with a unit cost of no more than one hundred thousand euros.

Any other situation requires individual authorization from the Committee.

It is incumbent on general management to list and report services in authorized categories and to convey these to the Committee.

These services are:

- audits other than certification of financial statements;
- limited reviews other than those towards certification of financial statements;
- findings further to processes agreed upon with the entity;
- statements and certificates;
- consultations;
- services rendered as part of an entity acquisition;
- services rendered as part of an entity disposal;
- consultations on internal control;
- services pertaining to employment and environmental information;
- comfort letters for market transactions;
- assurance reports / agreed upon procedures pertaining to internal control (ISAE 3402).

d) Services other than certification of financial statements requiring individual approval

These are services other than certification of financial statements that are not listed in Appendix 2, and not prohibited under Appendix 3.

These services must be assessed individually and approved by the Committee. The Committee makes its decision after analyzing risks to independence and the protective steps taken, based on a statement from the statutory auditor documenting the analysis whereby the statutory auditor has concluded that the service is consistent with the applicable ethical principles and rules of independence.

The Committee issues formal conclusions stating that the type of assignment authorized does not jeopardize the statutory auditor's independence.

e) Prohibited services

A general list of prohibited services for statutory auditors and their network is given in Appendix 3.

f) Scope

Committee approval is required when the statutory auditor or its network provides services other than certification of financial statements in France or abroad to the Company, or to entities that control or are controlled by the Company within the meaning of article L. 233-3 (I) and (II) of the French Commercial Code.

To determine the type of approval process, a company is considered to control another:

- where it directly or indirectly holds a fraction of equity capital entitling it to a majority of voting rights at the company's general meetings;
- where it is alone in holding a majority of voting rights in the company through an agreement concluded with other shareholders that is not contrary to the company's interests;
- where it effectively determines the decisions taken at the company's general meetings through the voting rights it holds;
- where it is a company shareholder of that company and has the power to appoint or remove a majority of members on governing, management, or supervisory bodies in that company.

g) Auditor verification of statutory auditor independence

Aside from the annual statement of independence set out in article 6 of the European Union Regulation No 537/2014 of 16 April 2014, statutory auditors must ensure for each assignment they or their network consider taking on, that the service other than certification of financial statements is not prohibited and its performance does not jeopardize their independence vis-à-vis the company whose financial statements are certified.

Auditor verification of independence takes several forms depending on the services considered:

- for services required by European Union law or French laws or regulations, the statutory auditor can merely refer to the provision pursuant to which the service is provided, since such services cannot affect the statutory auditor's independence and are not taken into account when calculating maximum fees;
- for services in categories pre-approved by the Committee, independence is verified when statutory auditors show that the provided service in question is consistent with the type of work carried out and with the scope of services commonly provided with no effect on independence, and issue a formal certificate of compliance to this effect;
- in other cases, the statutory auditors examine whether the service is compatible in light of the legal prohibitions and fundamental principles of independence that dictate the professional conduct of their assignments, and in particular the ban on interference in management, on the performance of management or administrative tasks, on representation of the company's interests and on self-review.

The form to be used for said certificate is presented in Appendix 4.

In addition:

- once every year, the statutory auditors inform the Committee of the amount of fees they or members of their network have received using the format prescribed by applicable laws and regulations;
- in connection with half-year and annual reporting dates, the statutory auditors present a summary of the nature and fee amount for each service rendered other than financial statement certification;
- with each reporting date for financial statements, the statutory auditors confirm that they are independent within the meaning of applicable laws and regulations and that they have implemented the rules set up by the Committee.

h) Global limit on fees

For each financial year, the fee amounts received by the statutory auditor for services other than financial statement certification cannot be more than 70% of the average fees paid over the preceding three financial years for financial statement certification services.

i) Summary of services rendered

The management of the finance department will inform the Committee every 6 months as to the amount and evolution of estimated fees and of fees paid to statutory auditors and their network, for each type of service other than certification of financial statements.

The management of the finance department will also include a presentation for the Committee of upcoming pre-approved services and related fees.

j) Authorized budget and fees

Budgets and fees for services to be provided by the statutory auditors will be pre-approved by the Committee once each year. Proposed assignments and services for amounts in excess of pre-approved budgets and/or fees will be given specific prior approval by the Committee.

The Committee will examine the amounts and evolution of estimated fees and of fees paid to statutory auditors and their network over the course of each financial year for each type of service.

The Committee may delegate the power to review any request and to grant or deny authorization under the present heading to its Chairman, at any time, in particular for any request arising between Committee meetings; the Chairman will report to the Committee in this respect at the following meeting.

k) Implementation

The accounting director is responsible for distributing this procedure and any changes thereto within the Company, its parent companies and subsidiaries, and to any principal or alternate statutory auditors of the Company.

It is incumbent on the statutory auditors of the Company to ensure the procedure is properly distributed to the firms and auditors in their network that supply audit or other services to group entities.

Requests for authorization for services to be provided by the statutory auditors or members of their network that do not require prior individual authorization from the Committee are sent to

the accounting director, along with a detailed description of the services the statutory auditors or members of their network propose to provide. The accounting director checks whether the services in question fall in one of the service categories pre-approved by the Committee. The Committee will be periodically informed of services authorized in this way and provided by statutory auditors or the members of their network in accordance with this procedure.

Where individual authorization from the Committee is necessary, the accounting director will send a request to the Committee. The request must include an opinion from the Company and the statutory auditor on the compliance of such services with the rules on statutory auditor independence.

The Committee is in charge of monitoring the performance of services provided by statutory auditors and members of their network.

In accordance with applicable rules, fees paid to statutory auditors and their network are described in detail in the reference document filed with the French market authority in France.

Appendix 1

List of certification services that do not require Committee approval

Certification services that do not require Committee approval	Fee amount
Certification of annual financial statements	
Work on internal control contributing to an opinion, including where required for listing on a foreign exchange (e.g. work required by US law under Sarbanes-Oxley (SOX))	
Limited review of quarterly or half-year financial statements	
Review of regulated agreements	
Review of annual management or financial reports	
Review of reference document	
Work in connection with the consolidation package (where entity is involved in consolidation)	
Statements and certificates that must be made available for the ordinary general meeting of shareholders convened to approve financial statements	
Work on forecast documents, early warning procedures (<i>procédure d'alerte</i>), disclosures of violations of law, etc.	

Appendix 2

List of services other than certification of financial statements in authorized categories (pre-approved by the Committee)

Services other than certification of financial statements in authorized categories (pre-approved by the Committee) (<i>suggested</i>)	Fee amount
Audits other than certification of financial statements	
Limited review other than certification of financial statements	
Findings further to processes agreed upon with the entity (financial information, internal control, fraud)	
Statements and certificates (CICE [tax credit for competitiveness], CIR [tax credit for research], assignment of claims, etc.)	
<p>Technical consultations:</p> <ul style="list-style-type: none"> – opinion on the way the entity proposes to record a planned or completed transaction with regards to a given accounting standard; – opinion on the consequences of a transaction – in terms of financial or accounting information – depending on the different methods planned and described by the entity for carrying out the transaction, in light of legal provisions, proposed legal provisions, or practices; – opinion on the compliance with applicable accounting laws and regulations of an accounting principles or practices manual, a chart of accounts, or a consolidation package format established by the entity, including where still in draft form; – opinion on the steps defined by the entity for implementing a standard or for identifying divergences between the standards applied by the entity or the group and newly applicable standards. This opinion cannot involve any participation in drafting procedures or in preparing or establishing data or documents. 	
<p>Training:</p> <ul style="list-style-type: none"> – training on principles and obligations in the area of accounting and financial information; – context-specific training that contributes to a fuller understanding of existing or proposed legal provisions, interpretations, and best practices; – training on the general consequences or interpretive difficulties of existing or proposed legal provisions. 	
<p>Services rendered in connection with acquisitions:</p> <ul style="list-style-type: none"> – work undertaken in relation to potential acquisitions (excluding advisory and target valuation services); – audit of the opening/closing balance sheet for acquisitions. 	
<p>Services rendered in connection with business disposals:</p> <ul style="list-style-type: none"> – statement or certification of financial statements for entities being transferred; – steps taken in connection with potential disposals (excluding advisory, negotiating, and target valuation services); 	

Services other than certification of financial statements in authorized categories (pre-approved by the Committee) (<i>suggested</i>)	Fee amount
<ul style="list-style-type: none"> – validation of <i>pro forma</i> financial statements. 	
Consultations on internal controls with respect to developing and processing accounting information	
Services in connection with employment, social, and environmental information: <ul style="list-style-type: none"> – assurance reports on employment, social and environmental information or on the procedures for establishing all or part of such information (e.g., tasks entrusted to independent third party organization, verification of greenhouse gas emissions, etc.); – statements and certificates (e.g., eco-organizations, energy efficiency, products and services, etc.); – consultations on proposed presentations of corporate social responsibility information (e.g., management report, corporate social responsibility report, environmental obligations, significance of social and environmental information, external questionnaires, etc.); – agreed upon procedures (e.g., comparison with standards and best practices, etc.). 	
Comfort letters for market transactions	
Assurance reports/agreed upon procedures: <ul style="list-style-type: none"> – ISAE 3402; – ISAE 3000. 	

Appendix 3

List of services prohibited under the European Union Regulation No 537/2014 of 16 April 2014 and additional list of services prohibited in France

A. For audited entities, parent companies or subsidiaries in France and in Europe

1. List of services prohibited under the EU Regulation

- a) tax services relating to:
 - i) preparation of tax forms;
 - ii) payroll tax;
 - iii) customs duties;
 - iv) identification of public subsidies and tax incentives unless support from the statutory auditor or the audit firm in respect of such services is required by law;
 - v) support regarding tax inspections by tax authorities unless support from the statutory auditor or the audit firm in respect of such inspections is required by law;
 - vi) calculation of direct and indirect tax and deferred tax;
 - vii) provision of tax advice.
- b) services that involve playing any part in the management or decision-making of the audited entity;
- c) bookkeeping and preparing accounting records and financial statements;
- d) payroll services;
- e) designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems;
- f) valuation services, including valuations performed in connection with actuarial services or litigation support services;
- g) legal services, with respect to:
 - i) the provision of general counsel;
 - ii) negotiating on behalf of the audited entity; and
 - iii) acting in an advocacy role in the resolution of litigation.

- h) services related to the audited entity's internal audit function;
- i) services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;
- j) promoting, dealing in, or underwriting shares in the audited entity;
- k) human resources services, with respect to:
 - i) management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve:
 - o searching for or seeking out candidates for such position, or
 - o undertaking reference checks of candidates for such positions;
 - ii) structuring the organization design; and
 - iii) cost control.

2. Additional list of services prohibited in France

- a) handling funds or holding them in escrow;
- b) legal secretariat tasks;
- c) asset transfer or merger auditing (*commissariat aux apports et à la fusion*);
- d) performance of an outsourcing service, even in part.

B. For non-European Union subsidiaries

There are three prohibited services:

- Services presumably entailing involvement in the audited entity's management or decision-making;
- Bookkeeping and preparation of accounting records and financial statements;
- Design and implementation of internal control or risk management procedures in connection with the preparation and/or verification of financial information or the design and implementation of financial information systems.

For other services performed by the network for non-European Union subsidiaries, the statutory auditor conducts a risk analysis and assesses whether the statutory auditor's independence would be compromised by the service (not least in terms of self-review) and takes any protective measures necessary to mitigate the risks involved in providing the service.

C. For non-European Union controlling companies

In the absence of any list of prohibited services for entities whose registered office is outside the EU and which control the public interest entity ("**EIP**") whose accounts are certified, the statutory auditor must nonetheless conduct a risk analysis to ensure the statutory auditor's independence is not in doubt.

Appendix 4

Proposed format for the statement of assignment compliance

A. For tasks required by law or regulation, the statutory auditor confirms the following:

Audit firm performing the service		
Local partner		
Signatory for Valeo SA		
		Effect on maximum, where relevant
Recipient entity of service/recipient's country of registration	-	
Parent company for which [•] is statutory auditor	-	Y/N
Other group entity or entities for which [•] is statutory auditor	-	Y/N
"Ultimate" parent EIP [public interest entity] for which [•] is statutory auditor	-	Y/N
Fees (in euros) for the service		
Description of work		

Assignment: [•]

The statutory auditor(s) hereby confirm(s) that this assignment is required by law or regulation.

Date and signature:

B. For assignments commonly performed by the statutory auditor, the statutory auditor confirms the following:

Audit firm performing the service		
Local partner		
Signatory for Valeo SA		
		Effect on maximum, where relevant
Recipient entity of service/recipient's country of registration	-	
Parent EIP [public interest entity] for which [•] is statutory auditor	-	Y/N
Other group entity or entities for which [•] is statutory auditor	-	Y/N
"Ultimate" parent EIP for which [•] is statutory auditor	-	Y/N
Fees (in euros) for the service		
Description of work		

Assignment: [•]

The statutory auditor(s) hereby confirm(s) that the assignment referred to above is consistent with the type of work performed and scope of services commonly provided without any effect on statutory auditor independence.

Date and signature:

C. For a comfort letter / ISAE 3402-style report, the statutory auditor confirms the following:

Audit firm performing the service		
Local partner		
Signatory for Valeo SA		
		Effect on maximum, where relevant
Recipient entity of service/recipient's country of registration	-	
Parent EIP for which [•] is statutory auditor	-	Y/N
Other group entity or entities for which [•] is statutory auditor	-	Y/N
"Ultimate" parent EIP for which [•] is statutory auditor	-	Y/N
Fees (in euros) for the service		
Description of work		

Assignment: Issue of a comfort letter / ISAE 3402 report

The statutory auditor(s) hereby confirm(s) that the work required to issue a comfort letter / ISAE 3402 report is commonly performed by the entity's statutory auditor and has no effect on statutory auditor independence.

Date and signature:

D. For any other assignment, the statutory auditor gives more detailed confirmation in the form set out below:

Audit firm performing the service		
Local partner		
Signatory for Valeo SA		
		Effect on maximum, where relevant
Recipient entity of service/recipient's country of registration	-	
Parent EIP for which [•] is statutory auditor	-	Y/N
Other group entity or entities for which [•] is statutory auditor	-	Y/N
"Ultimate" parent EIP for which [•] is statutory auditor	-	Y/N
Fees (in euros) for the service		
Description of work		

Service requiring individual approval	(Y/N)
The service is authorized as compliant with the European Union Regulation and Ethics Code for statutory auditors – the service is not on the list of prohibited services	(Y/N)
The analysis of service compatibility with status as statutory auditor for Valeo SA has been documented	(Y/N)
Specifically, the service does not affect [•] 's independence in terms of the risks of: <ul style="list-style-type: none"> – self-review – performance of acts of management – defense or representation of the entity's interests. 	(Y/N) (Y/N) (Y/N)
Service compatibility under "local" rules if [•] is auditor of the recipient entity	(Y/N)
Confirmation of statutory auditor independence	(Y/N)

Appended documents – where applicable

INTERNAL PROCEDURES OF THE COMPENSATION COMMITTEE

PREAMBLE

The purpose of these internal procedures is to further outline the duties of the Compensation 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 executive corporate representative officers and its chairman (the “**Chairman of the Committee**”) is independent.

However, the current executive corporate representative officer is involved in the Committee’s work on the remuneration policy for senior managers who are not corporate representative officers.

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 six-month period.

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 (or, as applicable, the Chairman and Chief Executive Officer, where both roles are held by the same person). 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 and subject to informing the corporate representative officers in advance, 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 of the Board or the Board.

When the Committee's work is presented to the Board, corporate representative officers may not attend any deliberations relating to their remuneration.

The Senior Independent Director may attend the Committee's meetings if not already a member thereof.

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 Committee members participate in discussions pertaining to their own advantages or remuneration.

ARTICLE 2 – DUTIES

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, distribution of performance shares and 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 effective participation at Board meetings and 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 policy for the distribution of options to subscribe for and/or purchase shares or of free or performance shares and the options or free or performance share 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 for and/or purchase shares or free or performance 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 officers on the principles guiding the determination of their remuneration, as well as (i) the distribution and exercise of options to subscribe for or to purchase shares by the latter and (ii) the distribution of performance shares.

**INTERNAL PROCEDURES
OF THE GOVERNANCE, APPOINTMENT AND CORPORATE SOCIAL
RESPONSIBILITY COMMITTEE**

PREAMBLE

The purpose of these internal procedures is to further outline the duties of the Governance, Appointment and Corporate Social Responsibility 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 executive corporate representative officers.

However, the current executive corporate representative officer is involved in the Committee’s work, save those discussions pertaining to the re-appointment of the executive corporate representative officer, including where the Chairman of the Board and the chief executive officer are the same person.

1.2 Operation

The human resources director, or any other person appointed by the chairman of the Committee (hereinafter 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 six-month period.

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 (or, as applicable, the Chairman and Chief Executive Officer, where both roles are held by the same person). 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 and subject to informing the corporate representative officers in advance, 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 of the Board or the Board.

The Senior Independent Director may attend the Committee's meetings if not already a member thereof.

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 Committee members participate in discussions pertaining to their appointment or re-appointment.

ARTICLE 2 – DUTIES

2.1. Regarding 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.

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.

It recommends the appointment of corporate representative officers and Directors (including the Senior Independent Director), 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;
- representation between women and men;
- any representation of sectional interests;
- the opportunity to renew terms of office;

- the integrity, competence, international experience, nationality 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 and Risks Committee does not include any executive corporate representative 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 article 1.2(b) of the Board's internal procedures, and submits its proposals for review to the Board, as mentioned in article 1.2(b) of the Board's internal procedures. The Committee also reviews the independence of potential directors prior to their appointment.

2.3. Regarding Corporate Social Responsibility

The Committee reviews issues pertaining to the corporate social responsibility policy in application within the Company and the Valeo group, identifies goals and issues relating to corporate social responsibility and ensures that previously defined goals are met. The Committee also oversees the gradual and increasing implementation of the policy and assesses the Valeo group's contribution to sustainable development.

In association with the Audit and Risks Committee, the Committee examines risks relating to corporate social responsibility and is kept abreast of the resources available to the group to apply its strategy in this field.

As necessary, the Committee may issue opinions and recommendations to the Board.

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 (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.

The Senior Independent Director may attend the Committee's meetings if not already a member thereof.

In consultation with the Chairman of the Board, the Committee may invite other Directors to participate in Committee discussions. Subject to informing the corporate representative officers in advance, 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 of the Board or the Board, on subjects dealt with by the Committee. The Committee may also hear third parties to the Company where relevant to the completion of its duties.

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; and
- the study of development or implementation projects in a country where the Group is not present and representing a particular risk.