

Special Report of the Board of Directors to the Ordinary and Extraordinary General shareholders' meeting to be held on May 26, 2016 regarding the components of the compensation owed or awarded for the financial year ending December 31, 2015 by all companies of the Valeo group to each executive director

During its meeting held on February 18, 2016, the Board of Directors, upon recommendation of the Appointment, Compensation and Governance Committee and in accordance with the recommendations of the Corporate Governance Code for listed companies drawn up by the AFEP and MEDEF, revised in November 2015 (article 24.3) (the **AFEP-MEDEF Code**), to which the Company refers pursuant to article L. 225-37 of the French Commercial Code, decided to submit to the opinion of the shareholders of Valeo S.A. (the **Company** or **Valeo**) during the General shareholders' meeting of the Company called to approve the financial statements for the financial year ending December 31, 2015, and to be held on first call on May 26, 2016, the components of the compensation owed or awarded for the financial year ending December 31, 2015 by all the companies of the Valeo group to each executive director of the Company.

In accordance with the AFEP-MEDEF Code and the AFEP-MEDEF Code implementation guide of December 2015, the components of the compensation owed or awarded to each executive director and submitted to the advisory vote of the shareholders are as follows:

- the fixed compensation;
- the variable annual compensation and, where appropriate, the multi-year variable compensation with the objectives contributing to the determination of this variable compensation;
- exceptional compensation;
- options to purchase or subscribe to shares, performance shares and any other components of long-term compensation;
- allowance for taking or leaving office;
- the supplementary pension plan;
- the attendance fees; and
- benefits of any kind.

In order to clarify the shareholders' vote, this report presents all the components of the compensation owed or awarded for the financial year ending December 31, 2015 by all the companies of the Valeo group to Pascal Colombani, Chairman of the Board of Directors for the financial year ending December 31, 2015 and to Jacques Aschenbroich, Chief Executive Officer for the financial year ending December 31, 2015.

1. Description of the components of the compensation owed or awarded for the financial year ending December 31, 2015 by all the companies of the Valeo group to Pascal Colombani, Chairman of the Board of Directors of the Company

The compensation paid by Valeo to Pascal Colombani, Chairman of the Board of Directors of the Company, for the financial year ending December 31, 2015, is determined by the Board of Directors upon recommendation of the Appointment, Compensation and Governance Committee.

Pascal Colombani does not benefit from any employment contract within the Valeo group.

It is specified that during the financial year ending December 31, 2015, Pascal Colombani did not receive any compensation of any kind and for any reason whatsoever from companies controlled by Valeo.

Fixed compensation

The fixed compensation owed to the Chairman of the Board of Directors for the financial year ending December 31, 2015 amounts to €300,000.

As part of the renewal of Pascal Colombani's term of office as Chairman of the Board of Directors, the Board of Directors held on June 8, 2011 decided, upon recommendation of the Appointment, Compensation and Governance Committee and after examining the practice of a sample of comparable companies, to increase the annual fixed compensation of the Chairman of the Board of Directors to €300,000, effective as of June 1, 2011. It has since remained unchanged.

Other components of compensation

The Chairman of the Board of Directors is not entitled to any annual variable compensation, deferred variable compensation, multi-year variable compensation or exceptional compensation.

The Chairman of the Board of Directors does not receive any attendance fees.

The Chairman of the Board of Directors has not been granted any options to purchase or to subscribe to shares, performance shares or other components of long-term compensation for the financial year ending December 31, 2015.

The Chairman of the Board of Directors is not eligible for a supplementary pension plan.

The Chairman of the Board of Directors does not receive any allowances for taking or leaving office, or non-competition payment.

A company car for professional use and a driver currently employed by the Company are made available to Pascal Colombani. However, this is for professional use only and, therefore, not a benefit in kind. Pascal Colombani does not receive any benefit in kind.

Consequently, shareholders are not asked to give an opinion on these other components of compensation.

As a result of the foregoing, shareholders are asked to give a favourable opinion on the sole component of the compensation owed or awarded to Pascal Colombani by Valeo for the financial year ending December 31, 2015, namely the amount of his fixed compensation.

2. Description of the components of the compensation owed or awarded for the financial year ending December 31, 2015 by all the companies of the Valeo group to Jacques Aschenbroich, Chief Executive Officer of the Company

The compensation paid by Valeo to Jacques Aschenbroich, Chief Executive Officer of the Company, for the financial year ending December 31, 2015, is determined by the Board of Directors upon recommendation of the Appointment, Compensation and Governance Committee.

Jacques Aschenbroich does not benefit from any employment contract within the Valeo group.

It is specified that, during the financial year ending December 31, 2015, Jacques Aschenbroich did not receive any compensation of any kind and for any reason whatsoever from companies controlled by Valeo.

Fixed compensation

The fixed compensation owed to the Chief Executive Officer for the financial year ending December 31, 2015 amounts to €900,000.

This amount for the Chief Executive Officer's annual fixed compensation was determined by the Board of Directors on June 8, 2011, upon recommendation of the Appointment, Compensation and Governance Committee, with effect from June 1, 2011. This compensation remained unchanged for the financial year ending December 31, 2015.

Annual variable compensation

The annual variable compensation owed to the Chief Executive Officer for the financial year ending December 31, 2015 amounts to 135% of the annual fixed compensation owed to Jacques Aschenbroich for this financial year, which corresponds to the maximum percentage of the fixed compensation that the variable compensation year may represent for this financial year, i.e. €1,215,000. The Board of Directors held on February 18, 2016 indeed noted that all quantitative and qualitative criteria determined by the Board of Directors in respect of Jacques Aschenbroich for the financial year ending December 31, 2015 have been achieved for this financial year.

The quantitative and qualitative criteria selected to determine the annual variable compensation owed to the Chief Executive Officer for the financial year ending December 31, 2015 were defined by the Board of Directors on February 24, 2015, upon recommendation of the Appointment, Compensation and Governance Committee. These criteria are as follows:

- for the quantitative component: (i) operating margin, (ii) operating cash flow, (iii) net income, (iv) rate of return on capital employed (ROCE) and (v) Valeo group's order intake;
- for the qualitative component:
 - (i) "financial communication" assessed in particular through Valeo's share price evolution in comparison with the share prices of several European, North American and Japanese companies operating in the same business segment as the Company;
 - (ii) "strategic vision" assessed through (a) the assessment of the analysts, (b) the strategic operations carried out by Valeo and (c) the increase of the share of "innovative" products in the orders intake of the financial year;
 - (iii) "risk management" assessed in particular through (a) the pursuit and deepening of the actions taken in the field of strengthened compliance policy and (b) the management of the risks related to the growth of the production capacity, taking into account the orders intake, launches of new products and client litigation.

The maximum amount of the variable part of the compensation for the financial year ending December 31, 2015 was determined by the Board of Directors on February 24, 2015, upon recommendation of the Appointment, Compensation and Governance Committee, at 135% of the fixed annual compensation of Jacques Aschenbroich, it being specified that the amount of the variable part in percentage of the fixed annual compensation is:

- from 0 to 17% for each of the five quantitative criteria described above (with a maximum of 85% of the fixed annual compensation in case of achievement of all quantitative criteria);
- with regard to the qualitative criteria, from 0 to 10% for the financial communication and 0 to 20% for strategic vision and risk management (with a maximum of 50% of the fixed annual compensation in case of achievement of all qualitative criteria).

In comparison with 2014, a new sub-criterion was added to assess the achievement of the qualitative "strategic vision" criterion (increase of the share of "innovative" products in the orders intake of the financial year) and new target figures relating to quantitative criteria were set by the Board of Directors on 24 February 2015, upon recommendation of the Appointment, Compensation and Governance Committee.

Options to purchase or to subscribe to shares, performance shares and other components of long-term compensation

During the financial year ending December 31, 2015, 10,232 performance shares were allotted to the Chief Executive Officer. These 10,232 performance shares are valued (in compliance with IFRS standards) €118.74 each at the granting date (overall, €1,214,947.68) corresponding to 135% of his annual fixed compensation.

At its meeting held on March 26, 2015, the Board of Directors indeed decided to allot these 10,232 performance shares to the Chief Executive Officer, upon the proposal of the Appointment, Compensation & Governance Committee, on the basis of the twelfth resolution of the General shareholders' meeting of the Company of May 21, 2014.

All performance shares thus allotted to the Chief Executive Officer are conditional upon Valeo achieving performance measured over the 2015, 2016 and 2017 financial years by achieving a pre-tax rate of return on assets (ROA) as well as an operating margin rate and a rate of return on capital employed (ROCE) such that, for each criterion, the arithmetic average over the reference period of three financial years, of the ratio between the rate effectively achieved and the target rate set by the Board of Directors at the beginning of each reference financial year, and that shall at least be equal to the *guidance* for the relevant financial year, is superior or equal to one.

Then:

- if all three criteria are achieved over the 2015, 2016 and 2017 financial years, all the performance shares initially allotted to the Chief Executive Officer will be definitively granted;
- if two criteria out of three are achieved over the 2015, 2016 and 2017 financial years, only 60% of the performance shares initially allotted to the Chief Executive Officer will be definitively granted, the remainder being forfeited;
- if one criterion out of three is achieved over the 2015, 2016 and 2017 financial years, only 30% of the performance shares initially allotted to the Chief Executive Officer will be definitively granted, the remainder being forfeited;
- if none of the three criteria is achieved over the 2015, 2016 and 2017 financial years, none of the performance shares initially allotted to the Chief Executive Officer shall be definitively granted, all the allotted performance shares being cancelled.

The performance shares allotted to the Chief Executive Officer during the financial year ending December 31, 2015 represent 0.013% of the Company's share capital as at December 31, 2015.

In addition to the achievement of performance criteria, performance shares will be definitively granted to the Chief Executive Officer provided that his office is in force on the vesting date (however, the condition of presence may be waived at the Board of Directors' discretion, unless the departure is attributable to gross negligence or wilful misconduct).

Furthermore, the allocation of performance shares will become definitive after a vesting period of three years and the Chief Executive Officer must then hold the shares for a period of two years. In addition, at the end of this retention period of two years, he will have to retain at least 50% of the number of performance shares definitively granted in registered form until termination of his office.

Finally, in accordance with the provisions of the AFEP-MEDEF Code, the Chief Executive Officer shall not engage in any risk hedging operations. Jacques Aschenbroich has formally committed, in writing, not to engage in any risk hedging transactions in respect of the 10,232 performance shares granted to him by the Board of Directors on March 26, 2015, until the end of the retention period of the performance shares set by this corporate body.

Severance payment and non-competition payment

Severance payment

The Board of Directors, at its meeting held on February 24, 2015, upon proposal of the Appointment, Compensation and Governance Committee, decided, on condition that Jacques Aschenbroich's term of office as a member of the Board of Directors is renewed by the General shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2014 and that his term of office as Chief Executive Officer is renewed by the Board of Directors at the first meeting following this General shareholders' meeting, to change certain modalities of the severance payment initially granted by the Board of Directors of February 24, 2010, later renewed by the general shareholders' meeting of June 8, 2011 under its twelfth resolution, in order to strengthen the demanding nature of severance payment's triggers and implementation conditions.

The amendments to the severance payment were approved as a regulated agreement referred to in article L. 225-42-1 of the French Commercial Code by the General shareholders' meeting of May 26, 2015 under its fifth resolution. In addition, Jacques Aschenbroich has been renewed as a member of the Board of Directors by the abovementioned general shareholders' meeting and as Chief Executive Officer by the first Board of Directors meeting following this general shareholders' meeting. The severance payment described above therefore became effective following the Board of Directors meeting referred to above.

The severance payment may be attributed to the Chief Executive Officer in the event of a non-voluntary departure linked to a change of control or strategy (except in the event of serious professional misconduct in connection with his office). The payment of the severance payment is nevertheless excluded if the Chief Executive Officer elects to leave the Company in order to hold another position or is assigned to another position within the Valeo group or is able to benefit in the near future from pension rights.

The amount of severance payment is subject to the following five performance criteria:

- payment of 50% of the average variable compensation over the three previous years;
- achievement of a positive net income in the last financial year for which accounts have been closed;
- achievement of a ROCE exceeding an average of 20% over the three previous financial years;
- achievement of a gross margin in the last financial year exceeding 16%;
- achievement of an order intake to original equipment sales ratio exceeding 1.3 on average during the three previous financial years.

The maximum amount of severance payment likely to be paid to Jacques Aschenbroich is equal to twice the annual compensation (fixed and variable). This compensation is based on the average compensation (fixed and variable) paid during the three financial years preceding the financial year in which the departure occurs.

The total amount likely to be received as severance payment will be calculated in accordance with the following scale:

- if five criteria are achieved: Jacques Aschenbroich would receive 100% of the amounts concerned in event of departure;
- if four criteria are achieved: Jacques Aschenbroich would receive 80% of the amounts concerned in event of departure;

- if three criteria are achieved: Jacques Aschenbroich would receive 60% of the amounts concerned in event of departure;
- if two criteria are achieved: Jacques Aschenbroich would receive 40% of the amounts concerned in event of departure; and
- if less than two criteria are achieved: Jacques Aschenbroich would receive 0% of the amounts concerned in event of departure.

In addition, the Board of Directors would reduce by 20% the amount resulting from the above calculation if a major plan affecting employment is implemented in the year preceding the date Jacques Aschenbroich's term of office as Chief Executive Officer is terminated.

The severance payment would be paid as a lump sum within a maximum of one month following the review by the Board of Directors of the achievement of the severance payment criteria.

If the Company decides in addition to implement the non-competition clause from which benefits Jacques Aschenbroich (described hereinafter), the amount of the non-competition payment thus owed will be deducted from the amount of the severance payment limited to twice the annual compensation (fixed and variable) calculated as set out above.

A table summarizing the Chief Executive Officer's severance payment in force since May 26, 2015 as well as the previous commitment concerning the severance payment in force until May 26, 2015 is attached as Schedule 1.

It is specified, for information, in the context of the appointment of Jacques Aschenbroich as Chairman of the Board of Directors unanimously decided by the Board of Directors held on February 18, 2016 (Jacques Aschenbroich having abstained to vote on such resolution), Jacques Aschenbroich becoming Chairman and Chief Executive Officer of Valeo following the decision of the Board of Directors of the same day to combine the functions of Chairman of the Board of Directors and Chief Executive Officer, the latter informed the Board of Directors of his decision to renounce, upon his appointment, the benefit of his severance payment described in this section.

Non-competition payment

The Board of Directors decided, at its meeting held on February 24, 2015, upon proposal of the Appointment, Compensation and Governance Committee, on condition that Jacques Aschenbroich's term of office as a member of the Board of Directors is renewed by the General shareholders' meeting called to approve the financial statements for the financial year ending December 31, 2014, and that his term of office as Chief Executive Officer is renewed by the Board of Directors at the first meeting following this general shareholders' meeting, to modify certain modalities of the non-competition payment initially authorised by the Board of Directors held on February 24, 2010 and approved by the General shareholders' meeting of June 3, 2010 under its eleventh resolution, later maintained as such without modification by the Board of Directors held on February 24, 2011, upon recommendation of the Appointment, Compensation and Governance Committee.

The non-competition payment was approved as a regulated agreement referred to in article L. 225-42-1 of the French Commercial Code by the General shareholders' meeting of May 26, 2015 under its fifth resolution. In addition, Jacques Aschenbroich has been renewed as a member of the Board of Directors by the abovementioned general shareholders' meeting and as Chief Executive Officer by the first Board of Directors meeting following this general shareholders' meeting. The non-competition payment described above therefore became effective following the Board of Directors meeting referred to above.

Should this non-competition clause be implemented by the Company, Jacques Aschenbroich would be forbidden, for 12 months following the termination of his functions as Valeo's Chief Executive Officer, regardless of the reason, to collaborate in any manner whatsoever with an automotive supplier or, more generally, with any company that is a competitor to Valeo.

This clause, should it be implemented, would result in the payment to Jacques Aschenbroich of a non-competition payment amounting to 12 months of compensation (calculated on the same basis as the compensation taken into account for the calculation of the severance payment described

above). This amount would be paid in equal monthly instalments throughout the period covered by the non-competition clause.

Should the Company decide to implement this non-competition clause, the amount of the payment due in this respect would be deducted from the amount of the severance payment. Therefore, the maximum payment likely to be paid to the Chief Executive Officer in respect of non-competition and/or severance payment is equal to twice the annual compensation (fixed and variable).

It is specified that the Board of Directors shall decide whether or not the non-competition agreement will be upheld at the time the Chief Executive Officer leaves, in particular when the Chief Executive Officer leaves the Company to claim or after having claimed his pension rights. The Company can always release the beneficiary from its obligation not to compete and can free the beneficiary from his non-competition obligation (in which case the payment would not be due).

A table summarizing the Chief Executive Officer's non-competition payment scheme in force since May 26, 2015 and the previous non-competition payment commitment in force until May 26, 2015 is attached as Schedule 2.

Given the fact that the Chief Executive Officer did not leave his office during the financial year ending December 31, 2015, no severance or non-competition payment is owed to the Chief Executive Officer for this financial year.

Supplementary pension plan

The Board of Directors, at its meeting held on April 9, 2009, decided to cause Jacques Aschenbroich to benefit from the collective supplementary pension plan with defined benefits applicable to all of the Valeo group's senior executives (decision implemented on October 20, 2009). To take into account the age of Jacques Aschenbroich and the fact that he benefited from no other supplementary pension plan, it was decided that a five-year seniority would be attributed to Jacques Aschenbroich as at the assumption of his duties.

The pension plan, which is not closed, has been effective since January 1, 2010. It was approved as a regulated agreement referred to in article L. 225-38 of the French Commercial Code by the General shareholders' meeting of June 3, 2010 under its twelfth resolution, later maintained as such without any modification until February 21, 2012.

Upon proposal of the Appointment, Compensation and Governance Committee, the Board of Directors, at its meetings held on February 21, 2012 and January 23, 2014, decided (i) to introduce a possibility of reversion in case of death of a beneficiary who was still in activity, provided the event occurred after the legal age of voluntary retirement and (ii) to adjust the supplementary pension plan to bring it in line with market practices. This adjustment, without retroactive effect, consisted in taking into account in the reference salary (calculated on the average of the last three years) the basic fixed compensation and the portion of variable compensation actually paid for the periods after February 1, 2014. The maximum amount of the supplementary pension remains capped at 20% of the reference salary, which complies with and is even lower than the overall limit recommended by the AFEP-MEDEF Code (article 23.2.6), which provides for an overall limit of 45% of the fixed and variable compensation for the reference period. All the Valeo group's senior executives benefited from this adjustment.

It is specified that the benefit of the supplementary pension plan of the Chief Executive Officer requires nevertheless that he ends his professional career within the Group.

Following the renewal of Jacques Aschenbroich's term of office as a member of the Board of Directors by the General shareholders' meeting of May 26, 2015 and as Chief Executive Officer by the Board of Directors at the first meeting following this general shareholders' meeting, it was decided that the supplementary pension plan that Jacques Aschenbroich benefits would continue without modification.

As at December 31, 2015, the aggregated potential annual entitlements of Jacques Aschenbroich amounted to €165,360 (annual pension which would be payable, valued as at December 31, 2015).

As the Chief Executive Officer did not assert his entitlement with regard to retirement in the course of the financial year ending December 31, 2015, no amount is owed to him for this financial year.

Benefits in kind

For the financial year ending December 31, 2015, the Chief Executive Officer benefited from the following advantages:

- a company car, valued €7,235;
- the *Garantie Sociale des Chefs et Dirigeants d'entreprise* ("Social Guarantee for Business Heads and Executives", an unemployment insurance), valued at €7,401;
- an annual contribution for supplementary health, life and disability insurance, valued at €2,300.

Other components of compensation

The Chief Executive Officer is not entitled to receive any deferred variable compensation, multi-year variable compensation, allowance for taking office, or exceptional compensation.

Jacques Aschenbroich does not receive any attendance fees.

Furthermore, no option to purchase or to subscribe to shares and no other long-term components of compensation were given to the Chief Executive Officer during the financial year ending December 31, 2015 (except performance shares as previously specified in this report).

Consequently, shareholders are not asked to give an opinion on these other components of compensation.

As a result of the foregoing, shareholders are asked to give a favourable opinion on the following components of the compensation owed or awarded to Jacques Aschenbroich by Valeo for the financial year ending December 31, 2015:

- the amount of his fixed compensation;
- the amount of his annual variable compensation;
- the number and accounting valuation of performance shares that were allotted to him in 2015;
- the value of the benefits in kind (company car, annual contribution to the *Garantie Sociale des Chefs and Dirigeants d'entreprise* insurance scheme and annual pension contribution) he received;
- the severance payment, the non-competition payment and the benefit of the pension plan granted to him, it being specified that no compensation in relation to those compensation components was owed during the financial year ending December 31, 2015.

Summary tables of the components of compensation for the Chairman of the Board of Directors and the Chief Executive Officer submitted to the shareholders' advisory vote

1. Components of the compensation owed or awarded by all of the Valeo group's companies for the year ending December 31, 2015, to Pascal Colombani, Chairman of the Board of directors

Compensation owed or awarded for the financial year ended	Amount or accounting valuation subject to a vote	Shareholders' opinion
Fixed compensation	€300,000	Shareholders are asked to give a favourable opinion on the amount of the fixed compensation owed to the Chairman of the Board of Directors for the financial year ending December 31, 2015.

2. Components of the compensation owed or awarded by all of the Valeo group's companies for the financial year ending December 31, 2015, to Jacques Aschenbroich, Chief Executive Officer of the Company

Compensation owed or awarded for the financial year ended	Amount or accounting valuation subject to a vote	Shareholders' opinion
Fixed compensation	€900,000	Shareholders are asked to give a favourable opinion on the amount of the fixed compensation owed to the Chief Executive Officer for the financial year ending December 31, 2015.
Annual variable compensation	€1,215,000	Shareholders are asked to give a favourable opinion on the amount of variable annual compensation owed to the Chief Executive Officer for the financial year ending December 31, 2015.
Stock options, performance shares or any other component of long-term compensation	10,232 performance shares, valued according to the IFRS standards, at €118.74 each	Shareholders are asked to give a favourable opinion on the number (10,232) and the accounting valuation (i.e. €118.74 each according to IFRS standards) of the performance shares allotted to the Chief Executive Officer for the financial year ending December 31, 2015.
Value of benefits of any kind	Company car, valued at €7,235	Shareholders are asked to give a favourable opinion on the valuation of this benefit in kind granted to the Chief Executive Officer for the financial year ending December 31, 2015.
	Annual contribution to the Cotisation <i>Garantie Sociale des Chefs et Dirigeants d'entreprise</i> insurance scheme, valued at €7,401	Shareholders are asked to give a favourable opinion on the valuation of this benefit in kind granted to the Chief Executive Officer for the financial year ending December 31, 2015.
	Annual pension contribution, valued at €2,300	Shareholders are asked to give a favourable opinion on the value of this benefit in kind granted to the Chief Executive Officer for the financial year

Compensation owed or awarded for the financial year ended	Amount or accounting valuation subject to a vote	Shareholders' opinion
		ending December 31, 2015.
Severance payment, non-competition payment and pension plan	No compensation in relation to those compensation components was owed during the financial year ending December 31, 2015	<p>Shareholders are asked to give a favourable opinion on the severance payment, the non-competition payment and the benefit of the pension plan granted to the Chief Executive Officer, it being specified that no compensation in relation to those compensation components is owed for the financial year ending December 31, 2015.</p> <p>For information, in the context of the appointment of Jacques Aschenbroich as Chairman of the Board of Directors unanimously decided by the Board of Directors held on February 18, 2016 (Jacques Aschenbroich having abstained to vote on such resolution), Jacques Aschenbroich becoming Chairman and Chief Executive Officer of Valeo following the decision of the Board of Directors of the same day to combine the functions of Chairman of the Board of Directors and Chief Executive Officer, the latter informed the Board of Directors of his decision to renounce, upon his appointment, the benefit of his severance payment which was renewed and amended as authorised by the Board of Directors on February 24, 2015 and approved by the General shareholders meeting on May 26, 2015.</p>

Schedule 1

Summary table of the Chief Executive Officer's severance payment

	Severance payment scheme approved by the General shareholders' meeting of June 8, 2011 and <u>in force until May 26, 2015</u>	Severance payment approved by the General shareholders' meeting of May 26, 2015 and <u>in force since May 26, 2015 (until February 18, 2016)</u>
Maximum amount of severance payment	Twice the annual compensation, as reflected in the calculation basis below.	
Calculation basis of severance payment	Annual compensation (fixed and variable) based on the average compensation (fixed and variable) paid during the two financial years preceding the year in which the termination occurs.	Annual compensation (fixed and variable) based on the average compensation (fixed and variable) paid during the three financial years preceding the year in which the termination occurs.
Performance criteria	– payment at least twice in the three previous years of all or part of the variable compensation;	– payment of 50% of the average variable compensation over the three previous years;
	– achievement of a positive net income during the last financial year;	
	– achievement of an operating margin in the last financial year exceeding 3.6%;	– achievement of a ROCE exceeding 20% on average in the three previous years;
	– achievement of a gross margin in the last financial year exceeding 16%;	
	– achievement of an order intake to original equipment sales ratio exceeding an average of 1.3 over the two previous financial years.	– achievement of an order intake to original equipment sales ratio exceeding an average of 1.3 during the three previous financial years.
Methods of calculation	<p>The total amount payable as a severance payment will be calculated as follows:</p> <ul style="list-style-type: none"> – if five criteria are achieved: Jacques Aschenbroich would receive 100% of the amounts concerned in event of departure; – if four criteria are achieved: Jacques Aschenbroich would receive 80% of the amounts concerned in event of departure; – if three criteria are achieved: Jacques Aschenbroich would receive 60% of the amounts concerned in event of departure ; – if two criteria are achieved: Jacques Aschenbroich would receive 40% of the amounts concerned in event of departure ; – if less than two criteria are achieved: Jacques Aschenbroich would receive 0% of the amounts concerned in event of departure. <p>The Board of Directors would reduce by 20% the amount resulting from the above calculations if a major plan affecting employment is implemented in the year preceding the date Jacques Aschenbroich's term of office is terminated.</p>	
Payment	<p>The severance payment would be paid as a lump sum within a maximum of one month following the review by the Board of Directors of the respect of the severance payment criteria.</p> <p>The payment could only be attributed in the event of a non-voluntary departure linked to a change in control or strategy (except in the event of serious professional misconduct in connection with his office).</p>	
		– The payment of severance payment is excluded if the Chief Executive Officer elects to leave the Company in order to hold another position or changes position within the same Group or is able to benefit in the near future from pension rights.
Global limit to the non-compete payment and the severance payment	Twice the annual compensation (fixed and variable), as reflected in the calculation basis above.	

Schedule 2

Summary table of the Chief Executive Officer's non-competition payment

	Non-competition payment approved by the General shareholders' meeting of June 3, 2010 and in force until May 26, 2015	Non-competition payment approved by the General shareholders' meeting of May 26, 2015 and in force since May 26, 2015
Object	Prohibition, for 12 months following the termination of his functions of Chief Executive Officer, regardless of the reason, to collaborate in any manner whatsoever with an automotive supplier or, more generally, with any company that is a competitor to Valeo.	
Duration of the obligation not to compete	12 months from the termination of the functions as Chief Executive Officer.	
Maximum amount of non-competition payment	12 months of compensation.	
Calculation basis of non-competition payment	Average compensation (fixed and variable) paid during the two financial years preceding the financial year in which the termination occurs.	Average compensation (fixed and variable) paid during the three financial years preceding the financial year in which the termination occurs.
Payment	Amount paid in equal monthly instalments throughout the period covered by the non-competition clause.	
Implementation of the obligation		Prior decision of the Board of Directors required to decide whether or not the non-competition agreement will be upheld at the time the Chief Executive Officer leaves, in particular when the Chief Executive Officer leaves the Company to claim or after having claimed his pension rights.
	Valeo could always release the Chief Executive Officer from his obligation not to compete.	
Global limit to the non-compete payment and the severance payment	Maximum amount due for severance payment (it being specified that the basis for calculating severance payment has been amended as indicated in the table set forth in Schedule 1 above).	