

Information relating to the components of the Chairman and Chief Executive Officer's compensation as determined by the Board of Directors on February 21, 2019

Further to the recommendation of the Compensation Committee, the Board of Directors, at the meeting held on February 21, 2019, (i) determined Jacques Aschenbroich's variable compensation for his duties as Chairman and Chief Executive Officer for the financial year ended December 31, 2018 and (ii) acknowledged the degree of achievement of his pension plan's performance condition for the financial year ended December 31, 2018.

I. Jacques Aschenbroich's variable compensation for the financial year ended December 31, 2018

Further to the recommendation of the Compensation Committee, the Board of Directors assessed the degree of achievement of the quantifiable and qualitative criteria for Jacques Aschenbroich's variable compensation in respect of the financial year ended December 31, 2018. The components of this compensation were determined by the Board of Directors on February 22, 2018, acting on the recommendation of the Compensation Committee and approved at the General Shareholders' Meeting on May 23, 2018 as part of the vote on the 2018 compensation policy (tenth resolution) (the "**2018 Compensation Policy**").

Based on this assessment, none of the quantifiable criteria were satisfied (0% out of a maximum of 115%) and the degree of achievement of qualitative criteria is 53% (out of a maximum of 55%) of the annual fixed compensation owed to Jacques Aschenbroich for the financial year ended December 31, 2018. The Board of Directors therefore decided that Jacques Aschenbroich's variable compensation for 2018 is equal to 53% of his annual fixed compensation owed for that financial year, *i.e.* EUR 530,000 (versus EUR 1,279,000 in 2017, representing a 59% drop) out of a maximum percentage of 170% of fixed compensation that variable compensation can represent for that financial year.

The failure to satisfy the quantifiable criteria described in the table below comes in the context of a complex operating environment for the Group in 2018, a year during which the automotive industry was affected by a number of disturbances (notably, WLTP standards in Europe, the market slowdown in China, raw material price hike). It should also be noted that for these same reasons, no performance shares allotted to Jacques Aschenbroich under the 2016 Performance Share Plan will vest.

The following table summarizes the applicable quantifiable and qualitative criteria, the degree of achievement of each quantifiable criterion, the entitlement relating to each of these criteria in terms of percentage of annual fixed compensation, and the maximum variable compensation for the financial year ended December 31, 2018:

| Quantifiable criteria ⁽¹⁾ | | | |
|---|---|---|--|
| Nature of the quantifiable criterion | Maximum amount of the variable part as a % of annual fixed compensation | Amount of the variable part obtained as a % of annual fixed compensation ⁽²⁾ | Percentage of achievement of the criterion |
| Operating margin rate | 25% | 0% ⁽⁶⁾ | 0% |
| Free cash flow ⁽³⁾ | 25% | 0% ⁽⁷⁾ | 0% |
| Net income ⁽⁴⁾ | 20% | 0% ⁽⁸⁾ | 0% |
| ROCE rate | 20% | 0% ⁽⁹⁾ | 0% |
| Group order intake | 25% | 0% ⁽¹⁰⁾ | 0% |
| TOTAL QUANTIFIABLE CRITERIA | 115% | 0% | 0% |
| Qualitative criteria | | | |
| Nature of the qualitative criterion | Maximum amount of the variable part as a % of annual fixed compensation | Amount of the variable part obtained as a % of annual fixed compensation | |
| Strategic vision <i>This criterion is assessed in the light of:</i> <ul style="list-style-type: none"> ■ financial analysts' assessment; ■ strategic operations carried out by Valeo and integration of recent acquisitions; ■ the increase in the share of "innovative" products⁽⁵⁾ in the order intake for the financial year; ■ the evaluation of the technology road map presented during the strategic seminar, and its impact in terms of R&D and human resources. | 20% | 20% ⁽¹¹⁾ | |
| Risk management <i>This criterion is assessed, in particular, in the light of:</i> <ul style="list-style-type: none"> ■ the continued and intensified measures to reinforce the compliance policy; ■ the management of risks related to new product launches and customer disputes; ■ the transformation of the company (industrial, human resources) to adjust to products and technology developments. | 15% | 15% ⁽¹²⁾ | |
| Corporate Social Responsibility <i>Progress achieved by Valeo in particular via the following key indicators:</i> <ul style="list-style-type: none"> ■ number of disabled employees; ■ diversity (gender/age). <i>Assessment of overall safety performance, in particular via the following key indicators:</i> <ul style="list-style-type: none"> ■ number of accidents resulting in medical leave; ■ reduction in number of accidents in category 1 (death, amputation, major trauma, invalidity/incapacity) and category 2 (substantial material damage and quasi-major accident). | 20% | 18% ⁽¹³⁾ | |

| | | |
|---|-------------|------------|
| <i>Evolution of Valeo original equipment sales resulting from products that reduce CO2 emissions.</i> | | |
| TOTAL QUALITATIVE CRITERIA | 55% | 53% |
| TOTAL QUANTIFIABLE AND QUALITATIVE CRITERIA | 170% | 53% |

- (1) *Excluding tax and regulatory impact.*
- (2) *It is understood that for each quantifiable criterion, the variable part ranges from 0% to 100% of the maximum amount of annual fixed compensation that may be obtained for this criterion.*
- (3) *Assuming that the investment budget is respected.*
- (4) *Assuming a 20% tax rate for the Group.*
- (5) *Products or technologies in series production for less than three years.*
- (6) *2018 operating margin rate amounting to 5.70% of 2018 sales.*
- (7) *Generation of free cash-flow in 2018 amounting to EUR 161 million.*
- (8) *2018 net income amounting to EUR 546 million.*
- (9) *2018 ROCE rate of 19%.*
- (10) *2018 order intake amounting to EUR 24.2 billion.*
- (11) *Some of the factors considered were: Valeo's positioning on market segments of the automotive industry undergoing a complete transformation, its strategy, innovations and order intake are factors recognized by financial analysts that enable the Group to continue its growing profitably in the medium and long term. The three major acquisitions in 2017 (control of Ichikoh, FTE and creation of the JV Valeo-Kapec) were successfully integrated in 2018. Share of innovative products in 2018 order intake: 60% (including Valeo Siemens eAutomotive).*
- (12) *Some of the factors considered were: the Group continued to pursue and develop its compliance activities in 2018. Key documents (Ethics Code, Country Ethics and Compliance policies) were updated to include regulatory developments. Key risk management indicators improved over 2017. In 2018, the Group rolled out the "Usine Valeo du Futur Proche" (Valeo Plant of the Near Future) to improve its industrial performance and rolled out "Talent Acquisition Centers" in countries where it is established, through which the Valeo recruited over 7,000 managerial employees while reducing recruitment costs and time frames. Training efforts were made in 2018, with each employee receiving an average of 24.9 hours of training annually, a record level for the Group.*
- (13) *Some of the factors considered were: the creation of a disability coordination team, resulting in better recruitment follow-up and talent development focused on disabled workers. This had immediate positive effects since in 2018 the number of disabled employees on Valeo's staff increased by 19% over the previous year. On diversity, Valeo surveyed its employees for engagement and satisfaction. The percentage of women amongst new hires is up 33% from last year and is already equal to the Group's objective set for 2020. The proportion of employees aged 50 and over has also improved. Valeo original equipment sales resulting from products that reduce CO2 emissions were 52.6% in 2018, showing growth compared to 2017. Lastly the Group has continued its efforts to prevent workplace accidents.*

Pursuant to articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the Chairman and Chief Executive Officer's variable compensation for the 2018 financial year will only be paid after the General Shareholders' Meeting held to approve the 2018 financial statements has approved the fixed, variable and exceptional components of the overall compensation and benefits of all kind paid or granted to the Chairman and Chief Executive Officer for the 2018 financial year (*ex post* vote).

II. Jacques Aschenbroich's pension plan

Acting on the recommendation of the Compensation Committee, the Board of Directors decided on February 22, 2018 that the acquisition of conditional supplementary pension benefits by the Chairman and Chief Executive Officer under the pension plan in place since January 1, 2010, would be conditional upon the same performance condition as that set for the financial year ended 31 December 2017. This condition is deemed to be satisfied if the variable part of the compensation paid in year Y+1 for year Y is at least equal to 100% of the fixed compensation owed for year Y. If the variable part does not reach 100% of the fixed compensation, the rights granted would be calculated on a *pro rata* basis. The terms governing this compensation component were approved by the General Shareholders' Meeting on May 23, 2018 as part of the 2018 Compensation Policy (tenth resolution).

For the financial year ended 31 December 2018, the Board of Directors acknowledged on February 21, 2019, acting on the recommendation of the Compensation Committee, that (i) the 2018 variable compensation amount is less than 100% of 2018 fixed compensation, being equal to 53% of 2018 fixed compensation and therefore (ii) the rights granted *pro rata* amounted to 0.53%.