

**Information regarding the variable compensation and pension plan of the Chairman and Chief Executive Officer, as determined by the Board of Directors on February 15, 2017**

Acting on the recommendation of the Compensation Committee (committee created from the split of the Appointment, Compensation and Governance Committee implemented on January 26, 2017), the Board of Directors meeting held on February 15, 2017 (i) determined the variable compensation of Jacques Aschenbroich for his role as Chief Executive Officer until February 18, 2016 and as Chairman and Chief Executive Officer from that date, for the financial year ended December 31, 2016, (ii) acknowledged the fulfilment of the Chairman and Chief Executive Officer's pension plan performance condition for the financial year ended December 31, 2016 and (iii) determined the rules for the Chairman and Chief Executive Officer's variable compensation for the financial year ending December 31, 2017.

**1. Variable compensation of Jacques Aschenbroich for the financial year ended December 31, 2016**

The Board of Directors, acting on the recommendation of the Compensation Committee, acknowledged that all the quantifiable and qualitative criteria for Jacques Aschenbroich's variable compensation for the financial year ended December 31, 2016 – as determined by the Board of Directors at its meeting held on February 18, 2016 acting on the recommendation of the Appointment, Compensation and Governance Committee – had been satisfied for this financial year, with the exception of the qualitative criteria on the risk management, given the demanding objectives related to the ramp-up in production.

The annual variable compensation owed to Jacques Aschenbroich for the financial year ended December 31, 2016 amounts to 165% of the annual fixed compensation owed to him for this financial year, namely, EUR 1,627,738 out of a maximum 170% of fixed compensation that such variable compensation can represent for this financial year.

The following table summarizes the quantifiable and qualitative criteria applied, the entitlement, relating to each of these criteria, in terms of percentage of annual fixed compensation, as well as the maximum variable compensation for the financial year ended December 31, 2016, with comments below the table on the degree of achievement of each quantifiable and qualitative criterion:

<b>Quantifiable criteria</b>		
<b>Nature of the criterion</b>	<b>Maximum amount of the variable part as a % of annual fixed compensation</b>	<b>Amount of the variable part obtained as a % of annual fixed compensation</b>
Operating margin	23%	23% <sup>(1)</sup>
Operating cash	23%	23% <sup>(2)</sup>
Net income	23%	23% <sup>(3)</sup>
Rate of return on capital employed (ROCE)	23%	23% <sup>(4)</sup>
Valeo group order intake	23%	23% <sup>(5)</sup>
<b>Total quantifiable criteria</b>	<b>115%</b>	<b>115%</b>

Qualitative criteria		
Nature of the criterion	Maximum amount of the variable component as a % of annual fixed compensation	Amount of the variable component acquired as a % of the annual fixed compensation
<p>Financial communication</p> <p>This criterion is measured, in particular, based on variations in Valeo's share price in comparison with the share prices of several European, North American and Japanese companies operating in the same sector as the Company.</p>	11%	11% <sup>(6)</sup>
<p>Strategic vision</p> <p>This criterion is measured based on:</p> <ul style="list-style-type: none"> <li>- assessment by analysts;</li> <li>- strategic operations carried out by Valeo;</li> <li>- the increase in proportion of "innovative" products in the order intake for the financial year;</li> <li>- the presentation by the management, during the strategic seminar, of a technology road map and its impact on R&amp;D (sub-criterion added by the Board of Directors, acting on the recommendation of the Appointment, Compensation and Governance Committee meeting held on February 18, 2016).</li> </ul>	22%	22% <sup>(7)</sup>
<p>Risk management</p> <p>This criterion is measured, in particular, based on:</p> <ul style="list-style-type: none"> <li>- the continued and intensified measures to reinforce the compliance policy;</li> <li>- the management of risks related to the ramp-up in production, taking account of order intake, new product launches and customer complaints;</li> <li>- risk management in the context of Valeo group's policy on corporate social responsibility (sub-criteria added by the Board of Directors, acting on the recommendation of the Appointment, Compensation and Governance Committee meeting held on February 18, 2016).</li> </ul>	22%	17% <sup>(8)</sup>
<b>Total qualitative criteria</b>	<b>55%</b>	<b>50%</b>
<b>Total quantifiable and qualitative criteria</b>	<b>170%</b>	<b>165%</b>

(1) 2016 operating margin increased by 20% compared to 2015, amounting to 8.1% of the 2016 sales, rate higher than the operating margin announced under the 2016 guidance.

(2) Generation of operating cash in 2016 of EUR 603 million, increased by 22% compared to 2015.

(3) 2016 net income increased by 27% compared to 2015, amounting to 5.6% of the 2016 sales.

(4) 2016 rate of return on capital employed (ROCE) of 34% compared to a ROCE of 33% in 2015.

(5) 2016 order intake increased by 17% compared to 2015, amounting to EUR 23.6 billion.

(6) Increase during the 2016 financial year by 14.9% of Valeo's share price compared to an increase by 1.6% of the share price of companies in the automotive sector used in the comparison sample.

(7) List of major strategic operations achieved by Valeo in 2016: acquisition of the companies Spheros and peiker, creation of a joint-venture with Siemens. Proportion of innovations in the 2016 order intake: 50%.

(8) The qualitative criterion on the management of the risks related to the ramp-up in production taking account of order intake, new product launches and customer complaints was not entirely achieved given the demanding objectives linked to this growth.

## 2. Pension plan of Jacques Aschenbroich

The Board of Directors meeting held on February 18, 2016, acting on the recommendation of the Appointment, Compensation and Governance Committee and pursuant to article L. 225-42-1 of the French Commercial Code, decided that the acquisition of additional pension rights as part of the supplementary pension plan would be conditional upon the Chairman and Chief Executive Director's performance. This condition will be deemed satisfied if the variable compensation paid in year N+1 for year N is at least equal to 100% of the fixed compensation owed for year N. If the variable compensation does not reach 100% of the fixed compensation, the rights granted will be determined on a *pro rata* basis. This amendment to the pension plan regime was approved by the General Shareholders Meeting on May 26, 2016, under the fifth resolution.

For the financial year ended December 31, 2016 and, specifically, for the period between February 19, 2016 and December 31, 2016, the Board of Directors, acting on the recommendation of the Compensation Committee, acknowledged that this condition had been entirely fulfilled for this financial year.

### 3. Variable Compensation of Jacques Aschenbroich for the financial year ending December 31, 2017

The Board of Directors, acting on the recommendation of the Compensation Committee, also decided that variable compensation which could be granted to Jacques Aschenbroich for his role as Chairman and Chief Executive Officer for the financial year ending December 31, 2017 would be conditional upon the same quantifiable and qualitative criteria as those determined for the financial year ended December 31, 2016, it being specified that compared to 2016, the quantifiable criterion pertaining to operating cash has been clarified (free cash flow), the quantifiable criteria targets have been increased, the sub criteria of certain qualitative criteria have been adjusted and the weighting between qualitative criteria has been modified.

The following table summarizes the quantifiable and qualitative criteria used, 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 ending December 31, 2017:

<b>Quantifiable criteria<sup>(1)</sup></b>	
<b>Nature of the criterion</b>	<b>Maximum amount of the variable part as a % of annual fixed compensation</b>
Operating margin	23%
Free cash flow <sup>(2)</sup>	23%
Net income <sup>(3)</sup>	23%
Rate of return on capital employed (ROCE)	23%
Valeo group order intake <sup>(4)</sup>	23%
<b>Total quantifiable criteria</b>	<b>115%</b>
<b>Qualitative criteria</b>	
<b>Nature of the criterion</b>	<b>Maximum amount of the variable part as a % of annual fixed compensation</b>
Financial communication This criterion is measured, in particular, based on variations in Valeo's share price in comparison with the share prices of several European, North American and Japanese companies operating in the same sector as the Company	5%
Strategic vision This criterion is measured based on: - assessment of the analysts; - strategic operations carried out by Valeo; - the increase in proportion of "innovative" products in the order intake for the financial year; - the presentation by the management, during the strategic seminar, of a technology road map and its impact on R&D and human resources.	25%
Risk management This criterion is measured, in particular, based on: - the continued and intensified measures to reinforce the compliance policy; - the management of risks related to ramp-up in production, taking account of order intake, new product launches and customer complaints; - Valeo group's policy on corporate social responsibility and management of the corresponding risks.	25%
<b>Total qualitative criteria</b>	<b>55%</b>
<b>Total quantifiable and qualitative criteria</b>	<b>170%</b>

(1) Excluding tax and regulatory impact.

(2) Assuming that the investment budget is respected.

(3) Assuming a 20% tax rate for the Group.

(4) Excluding Ichikoh.

Pursuant to the provisions of articles L. 225-37-2 and L. 225-100 of the French Commercial Code, at the coming General Shareholders Meeting, the shareholders will be asked to vote on the principles and criteria determining, distributing and granting the fixed, variable and exceptional components of the total compensation and benefits of any kind payable to the Chairman and Chief Executive Officer for the financial year ending December 31, 2017, constituting the compensation policy (*ex ante* vote). Pursuant to the provisions of the aforementioned articles, the Chairman and Chief Executive Officer's variable compensation for financial year 2017 will only be paid after the shareholders have approved the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to the Chairman and Chief Executive Officer for financial year 2017, at the General Shareholders Meeting called to approve the financial statements for financial year 2017 (*ex post* vote).