A STRATEGY OF GROWTH AND INNOVATION
A global strategy
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Valeo is an independent industrial Group fully focused on the design, production and sale of components, integrated systems and modules for the automotive industry, primarily to reduce CO₂ emissions. Valeo ranks among the world’s top automotive suppliers. The Group has 124 plants, 21 research centers, 40 development centers, 12 distribution platforms and employs 68,000 people in 28 countries worldwide.

Valeo’s strategy integrates the principles of sustainable, responsible development.
A GLOBAL STRATEGY
MESSAGE FROM THE CHAIRMAN OF THE BOARD

PASCAL COLOMBANI

I would like to pay tribute to the commitment of our General Management and to the efforts of each of our employees who have taken up the challenge of sustaining growth day-to-day in every region of the world.

FOR THE SECOND CONSECUTIVE YEAR VALEO HAS PERFORMED EXCEPTIONALLY in a difficult environment marked by the increase in raw material prices and by natural disasters which took a harsh toll on Asia, a strategic development zone for the Group. On behalf of the Board of Directors, which I have the honor of chairing, I would like to pay tribute to the commitment of our General Management and to the efforts of each of our employees, who have taken up the challenge day-to-day of sustaining growth in every region of the world where the Group is present.
In 2011, the Board of Directors worked diligently and efficiently, respecting the highest standards of corporate governance. It held nine meetings, with an attendance level of 94%, and the Board’s Committees showed similar attendance levels in the preparation of their meetings.

The Group’s strategy was monitored very closely by the Board, which, in addition to its regular meetings, held its annual strategic seminar in Germany. This strategy, based on research into, and development of, innovative technological solutions which respect the environment, and on deploying Valeo’s activities in emerging countries, is now beginning to show results, with a continuous increase in the proportion of new products in our sales. The acquisition of the Japanese automotive supplier Niles, which substantially reinforces our presence in Japan and China in a field of prime importance for our future growth, is another illustration of this strategy. All these initiatives, when associated with the implementation of a more efficient organization, give weight to Valeo’s strategic plan which integrates economics but also environmental and societal performance criteria and is instrumental in confirming Valeo’s status as a key player in its sector, and one which respects the principles of sustainable development.

2011 ALSO GAVE THE BOARD OF DIRECTORS THE OPPORTUNITY TO REACH ITS FULL COMPLEMENT, WHILE AT THE SAME TIME BROADENING ITS EXPERIENCE. Ulrike Steinhorst, who, after a long career at EDF, headed the French subsidiary of Degussa AG and is currently Chief of Staff to the CEO of EADS, was co-opted, thereby enabling the Board to benefit from her ties with Germany, one of the Group’s main markets, and to bring the number of female Board members up to 25% of the total number. Valeo has therefore reached the first threshold defined in the French law of January 27, 2011, relating to the balanced representation of women and men on boards of directors. Thierry Moulonguet was appointed as a new Director, having spent most of his career with the Renault-Nissan group, where he was Vice-Chief Executive Officer, Chief Financial Officer and member of the Executive Committee, before becoming Special Advisor to Renault’s Chairman and CEO until March 31, 2011. Thierry Moulonguet brings his excellent knowledge of the Asian and American automotive markets to the Board.
How does 2011 stand out for you at Valeo?

Our financial results for 2011 were a further sign of our strong momentum. Thanks to the mobilization of Valeo’s 68,000 employees and the growing success of its new technologies, the Group has reinforced its positions in the main production regions and in each of its Business Groups, once again outperforming global automotive production.

We were able to report solid results for 2011 despite high raw materials prices, most notably rare-earth metals, the tragic events that hit Japan and Thailand, and the temporary saturation of production capacity at some of our plants. Sales rose by 13% to 10.9 bil-
VALEO'S TWO STRATEGIC PRIORITIES

— **Technologies** based on the reduction of CO₂ emissions and innovation.

— **Geographical expansion in high-growth regions**, especially Asia and emerging countries.

lion euros, and the operating margin came out at 6.5%, showing once again that the Group is capable of keeping its margins on target. Net attributable income surged by 17% to 427 million euros. Valeo also generated free cash flow of 232 million euros, while return on capital employed exceeded 30% for the second year running. However, the best news in 2011 was undoubtedly our record order intake of 14.9 billion euros, representing an increase of 19% over 2010. This figure testifies both to the quality of our Research and Development teams and our capacity to innovate, and to the confidence of customers in the products we develop, especially our innovations that contribute to reducing CO₂ emissions. Lastly, thanks to a strong balance sheet, this year we are proposing a dividend of 1.40 euros per share, an increase of 17% over 2010.

**How do you explain these strong results?**

These strong 2011 results were fueled by a development strategy based on the reduction of CO₂ emissions and on growth in Asia and the emerging countries, together with our new more efficient business structure, which is a key component for future growth and profitability. Another boost to earnings came from the strengthening of R&D, leading to the development of innovative products which accounted for over 30% of our order intake in 2011.
We have stepped up the shift of our geographic and customer positioning toward the most dynamic zones. Asia now accounts for 25% of our original equipment sales. This is in line with our target of achieving over 30% of our sales in Asia by 2015. Asian customers have become our leading customers alongside German automakers, with each accounting for 29% of original equipment sales.

Lastly, amid this strong recovery, our strict cost management policy also enabled us to lower our breakeven point to significantly below levels seen prior to the 2009 economic downturn.

Valeo is now better equipped to generate profitable, sustained growth in the medium term.

The acquisition of Niles is a milestone in Valeo’s expansion in Asia. What are your first impressions about the integration of this Japanese firm into the Group’s activities?

The acquisition of Niles, an automotive parts manufacturer, in late June 2011 has speeded up the development of our activities in high-growth markets, most notably in Asia, in keeping with our aim to grow business in this region. Integration has been extremely smooth in terms of both people and operations. The contribution of Niles to both sales and earnings, as of end 2011, exceeded our expectations, with an accretive effect right from the first six months.
“ASIA NOW ACCOUNTS FOR 25% OF OUR ORIGINAL EQUIPMENT SALES. THIS IS IN LINE WITH OUR TARGET OF ACHIEVING 30% OF OUR SALES IN ASIA BY 2015.”

What are your expectations for 2012, and what new goals have you set?
With economic conditions uncertain, especially in Europe, world automotive output could grow by 3% to 4% in spite of a 5% drop in European production and broad stability in the prices of basic materials relative to current levels. Based on this outlook, we may experience another year of above-market growth in 2012 for the main production areas, and achieve an operating margin (in millions of euros) of the same magnitude as 2011.

With our portfolio of new products and our dual focus on reducing CO₂ emissions and growing in Asia and the emerging countries, Valeo has what it takes to continue on its growth trend and demonstrate sustainable financial performance.
Valeo’s Operational Committee, chaired by the CEO, comprises 14 members, including the Chief Operating Officer, the Functional Directors and the Presidents of the Business Groups and of Valeo Service. Its role is to define the Group’s strategic directions, to monitor the operational management of the Business Groups, and to coordinate project implementation. The mission of the Business Groups is to boost the growth and profitability of the Product Groups on all markets.


— THE THERMAL SYSTEMS BUSINESS GROUP comprises four Product Groups: Climate Control, Powertrain Thermal Systems, Compressors, and Front-End Modules.


— VALEO SERVICE offers a wide range of products and services to all aftermarket networks worldwide.
OPERATIONAL COMMITTEE MEMBERS

1 MICHEL BOULAIN
Group Senior Vice-President
Human Resources

2 ROBERT CHARVIER
Group Chief Financial Officer

3 ROBERT DE LA SERVE
Valeo Service Activity President

4 ÉDOUARD DE PIREY
Group Vice-President Corporate Planning & Strategy

5 CATHERINE DELHAYE
Group Chief Ethics and Compliance Officer

6 GUILLAUME DEVAUCHELLE
 Acting Group Senior Vice-President R&D and Product Marketing

7 ANTOINE DOUTRIAUX
Visibility Systems Business Group President

8 HANS-PETER KUNZE
Group Senior Executive Vice-President
Sales & Business Development

9 GÉRIC LEBEDOFF
Group General Counsel

10 CLAUDE LEICHLÉ
Powertrain Systems Business
Group Deputy President

11 ALAIN MARMUGI
Thermal Systems Business
Group President

12 CHRISTOPHE PÉRILLAT
Group Chief Operating Officer

13 MICHAEL SCHWENZER
Powertrain Systems Business
Group President

14 MARC VRECKO
Comfort and Driving Assistance Business Group President

OTHER OPERATIONAL VICE-PRESIDENTS

FABIENNE DE BRÉBISSON
Group Vice-President Communications

JEAN-LUC DI PAOLA-GALLONI
Group Vice-President Sustainable Development and External Affairs
RECORD
FINANCIAL
RESULTS
World output of light vehicles reached a record high in 2011 of over 77 million units in 2011, up by 4% vs 2010. Asia led the way with 36.9 million units, boosted by China, the world’s leading manufacturer which produced 17.2 million vehicles. North America and Europe/Africa, though failing to achieve pre-crisis levels, saw output rise by 10% and 7% to stand at 13 million and 21.1 million units respectively.
In a favorable automotive environment, the Group reported consolidated sales of 10.9 billion euros in 2011, up by 13% vs 2010 (9.6 billion euros). It strengthened its positions in the major automotive production areas and in each of its Business Groups, outperforming world automotive production.

### Key Figures 2011

**Sales**

In millions of euros

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>10,868</td>
</tr>
<tr>
<td>2010</td>
<td>9,632</td>
</tr>
<tr>
<td>2009</td>
<td>7,499</td>
</tr>
</tbody>
</table>

**Sales by Region**

<table>
<thead>
<tr>
<th>Region</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>South America</td>
<td>7,499</td>
<td>6,509</td>
<td>5,868</td>
</tr>
<tr>
<td>Asia and others</td>
<td>0.2</td>
<td>0.6</td>
<td>0.7</td>
</tr>
<tr>
<td>North America</td>
<td>27</td>
<td>30</td>
<td>28</td>
</tr>
<tr>
<td>Europe + Africa</td>
<td>17</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>10,868</td>
<td>9,632</td>
<td>8,787</td>
</tr>
</tbody>
</table>

**Sales by Market**

<table>
<thead>
<tr>
<th>Market</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original equipment</td>
<td>7,499</td>
<td>6,509</td>
<td>5,868</td>
</tr>
<tr>
<td>Aftermarket</td>
<td>0.2</td>
<td>0.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>10,868</td>
<td>9,632</td>
<td>8,787</td>
</tr>
</tbody>
</table>

(1) Including miscellaneous sales and tooling.
### KEY FIGURES 2011

#### GROSS MARGIN
As a % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>H1</th>
<th>H2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>17%</td>
<td>16.8%</td>
</tr>
<tr>
<td>2010</td>
<td>18%</td>
<td>18.1%</td>
</tr>
<tr>
<td>2009</td>
<td>15.2%</td>
<td>13%</td>
</tr>
</tbody>
</table>

#### OPERATING MARGIN(1)
As a % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>H1</th>
<th>H2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>6.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>2010</td>
<td>6.4%</td>
<td>6.7%</td>
</tr>
<tr>
<td>2009</td>
<td>1.8%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

#### RESEARCH & DEVELOPMENT COSTS
As a % of sales, net of customer contributions

<table>
<thead>
<tr>
<th>Year</th>
<th>H1</th>
<th>H2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>5.2%</td>
<td>5.6%</td>
</tr>
<tr>
<td>2010</td>
<td>5.6%</td>
<td>6.3%</td>
</tr>
<tr>
<td>2009</td>
<td>(153)</td>
<td>(2%)</td>
</tr>
</tbody>
</table>

#### NET ATTRIBUTABLE INCOME
In millions of euros and as a % of net sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2011 Total</th>
<th>2010 Total</th>
<th>2009 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>427</td>
<td>365</td>
<td>(153)</td>
</tr>
<tr>
<td>2010</td>
<td>(3.9%)</td>
<td>(3.8%)</td>
<td>(2%)</td>
</tr>
</tbody>
</table>

(1) The Group’s operating margin corresponds to operating income before other income and expenses.

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**EBITDA**

As a % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>H1</th>
<th>H2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>11.3%</td>
<td>11.1%</td>
</tr>
<tr>
<td>2010</td>
<td>11.8%</td>
<td>12.1%</td>
</tr>
<tr>
<td>2009</td>
<td>6.6%</td>
<td>11%</td>
</tr>
</tbody>
</table>

**Earnings Per Share**

Euro/Share

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>5.68</td>
<td>4.86</td>
<td>-2.04</td>
</tr>
<tr>
<td>2010</td>
<td>5.68</td>
<td>4.86</td>
<td>-2.04</td>
</tr>
<tr>
<td>2009</td>
<td>5.68</td>
<td>4.86</td>
<td>-2.04</td>
</tr>
</tbody>
</table>

**Net Debt**

In millions of euros and % of stockholders' equity excluding minority interests

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>523</td>
<td>27%</td>
<td>722</td>
</tr>
<tr>
<td>2010</td>
<td>278</td>
<td>16%</td>
<td>722</td>
</tr>
<tr>
<td>2009</td>
<td>278</td>
<td>16%</td>
<td>722</td>
</tr>
</tbody>
</table>

**ROCE**

Return on capital employed

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>31%</td>
<td>32%</td>
<td>7%</td>
</tr>
<tr>
<td>2010</td>
<td>11.3%</td>
<td>11.1%</td>
<td>11%</td>
</tr>
<tr>
<td>2009</td>
<td>11.8%</td>
<td>12.1%</td>
<td>11%</td>
</tr>
</tbody>
</table>

**Order Intake**

In billions of euros

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>14.9</td>
<td>12.5</td>
<td>9.2</td>
</tr>
<tr>
<td>2010</td>
<td>12.5</td>
<td>9.2</td>
<td>9.2</td>
</tr>
<tr>
<td>2009</td>
<td>12.5</td>
<td>9.2</td>
<td>9.2</td>
</tr>
</tbody>
</table>

---

(1) EBITDA corresponds to operating income before depreciation and amortization of property, plant and equipment and intangible assets and impairment.

(2) Net debt includes all long-term debt, short-term debt and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents.

(3) ROCE corresponds to operating margin/capital employed less goodwill.
Valeo aims to provide a steady flow of exhaustive and detailed information in real time – in particular via its website (www.valeo.com) – to its diverse financial community, comprising current and prospective, private and institutional shareholders, as well as financial analysts. Valeo places great importance on holding frequent meetings with investors and analysts.

**Number of shares**

**79,269,596**

**Number of voting rights**

**81,696,370**

* Including 3,842,374 treasury shares (4.85% of the share capital).
DATA PER SHARE

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share</td>
<td>(2.04)</td>
<td>4.86</td>
<td>5.68</td>
</tr>
<tr>
<td>Dividend</td>
<td>0</td>
<td>1.20</td>
<td>1.40</td>
</tr>
</tbody>
</table>

(1) Dividend of 1.40 euros to be proposed to the Annual General Meeting of Shareholders called to approve the financial statements for the year ending December 31, 2011.
(2) Eligible for the 40% tax allowance provided for in Article 158-3-2 of the French General Tax Code (Code Général des Impôts – CGI), or at the choice of the shareholder, subject to the 19% flat rate withholding tax provided for in Article 117, chapter I of said Code.

SHARE PRICE

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valeo</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STOXX 600 A6AP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAC 40</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

STOCK MARKET DATA

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market capitalization at closing (in billions of euros)</td>
<td>1.92</td>
<td>3.34</td>
<td>2.43</td>
</tr>
<tr>
<td>Number of shares</td>
<td>78,209,617</td>
<td>78,628,798</td>
<td>79,269,596</td>
</tr>
<tr>
<td>Highest share price (in euros)</td>
<td>25.46</td>
<td>45.70</td>
<td>49.88</td>
</tr>
<tr>
<td>Lowest share price (in euros)</td>
<td>8.00</td>
<td>20.07</td>
<td>27.46</td>
</tr>
<tr>
<td>Average price at closing (in euros)</td>
<td>15.546</td>
<td>29.035</td>
<td>39.00</td>
</tr>
<tr>
<td>Price at closing (in euros)</td>
<td>24.53</td>
<td>42.47</td>
<td>30.71</td>
</tr>
</tbody>
</table>
PARTNER TO ALL MAJOR AUTOMAKERS WORLD-WIDE
A PARTNER OF CHOICE
WITH ITS WORLDWIDE PRESENCE AND WIDE RANGE OF TECHNOLOGIES, VALEO IS WELL-EQUIPPED TO SUPPORT AUTOMAKERS AS THEY PURSUE THEIR DEVELOPMENT ON ALL THEIR MARKETS.

Supporting automakers locally is essential so that Valeo can develop products adapted to specific markets and produce them as close as possible to their production plants, in order to satisfy demand and ensure timely delivery with an optimized supply chain.
— A GEOGRAPHICAL SHIFT
The automotive industry’s center of gravity is shifting to the east, toward Asia but also toward Eastern Europe. Valeo is accompanying its long-standing international customers as they develop their operations locally in these new vehicle producing regions. At the same time, the Group has mobilized its resources to win new customers not only in countries currently experiencing strong growth, such as China, but also in countries like Russia and Turkey which should register significant growth in the coming years.

— NEW CUSTOMERS – NEW OPPORTUNITIES
As a partner of choice for the world’s major automakers, it is Valeo’s ambition to earn the same status with regional players who want to go international. In China, the world’s leading market, Valeo signed two cooperation agreements in 2011: one with Geely and the other with Great Wall, in order to support their development on the national market in particular. Valeo’s offer is totally in tune with the aspirations of Chinese consumers who want vehicles that consume less energy, pollute less, and offer innovative features designed to facilitate intuitive driving and connectivity.

There are also new prospects in Russia. International automakers are setting up partnerships there, such as Renault-Nissan with AvtoVAZ, VW with GAZ, and Ford with Sollers, or they are building their own plants. So new opportunities are opening up for Valeo, which intends to increase its sales significantly in Russia by localizing some of its activities there. An initial step in that direction was taken in 2011 with the inauguration of its multi-product site at Nizhny Novgorod.
CONFIDENCE

“So that my batteries last longer and have a greater range, it is important that my car be equipped with an efficient thermal management system.”

FUSASAKI M., JAPAN

“If my car had LED lighting, I’d see better. Also it would consume less energy and style-wise it would stand out from other models.”

SHIRLEY S., USA

“Battery Thermal Management System”

“LED Lighting”

BATTERY THERMAL MANAGEMENT SYSTEM

LED LIGHTING

VALEO LISTENS TO MOTORISTS

In a world that is more and more urbanized, drivers expectations are changing. It is by conducting consumer surveys that Valeo is able to adjust its product strategy in step with consumer expectations and new trends in society.

INNOVATIONS IN LINE WITH DRIVER EXPECTATIONS THE WORLD OVER.
WHAT I’D LIKE IS THE LOW GAS CONSUMPTION AND THE DRIVING PLEASURE OF A HYBRID AT AN AFFORDABLE PRICE.

“I WOULD LIKE A SYSTEM THAT IDENTIFIES A PARKING SLOT AND THEN PARKS THE CAR FOR ME. THIS WOULD GO A LONG WAY TO ALLEVIATING STRESS. AND IF IN CITIES, ALL CARS WERE TO BE EQUIPPED WITH SUCH A SYSTEM, THIS WOULD AVOID SCRATCHES AND BANGS AND SO KEEP CARS IN GOOD REPAIR.”

“Maxime C., France

“I WOULD LIKE A SYSTEM THAT IDENTIFIES A PARKING SLOT AND THEN PARKS THE CAR FOR ME. THIS WOULD GO A LONG WAY TO ALLEVIATING STRESS. AND IF IN CITIES, ALL CARS WERE TO BE EQUIPPED WITH SUCH A SYSTEM, THIS WOULD AVOID SCRATCHES AND BANGS AND SO KEEP CARS IN GOOD REPAIR.”

“Ulrike W., Germany

“Hybrid4All

— UNDERSTANDING THE MARKET

Different types of studies allow Valeo to listen to the voice of motorists, anticipate future demand and then fine-tune this demand into future products. Socio-cultural surveys, for example, are aimed at segmenting the automotive market and understanding the specific nature and characteristics of national markets. Then there are focus groups which are used to assess consumer reactions to a new product, while on-line surveys serve to assess market acceptance of the innovations proposed. Finally, car clinics conducted in partnership with automakers give a panel of motorists the opportunity to try out new products in real-life situations.

— 2030 VISION: SPECIFIC MARKET ANALYSIS

2030 scenarios are mapped out in collaboration with various partners including an automaker and a consulting firm. The aim is to assess the long term evolution of systems using simulation models that include demographics, economics, materials, mobility and mega trends in society. The scenarios are then compared to see what the chances are that a given technology will evolve and in what direction, whether this possibility is strong in one or more or all of the scenarios. In this way Valeo is able to anticipate impact primarily on powertrains and thermal systems.

— THE PRODUCT OF INNOVATION

LED lighting and Park4U® are just two of Valeo’s many innovations that already benefit consumers. Other technologies such as the battery thermal management system are not always immediately visible to the end-user, while systems such as the Hybrid4All will not be on the road for quite a few years yet. Whatever the case, all these innovations are aimed at satisfying driver expectations whether it be in terms of the reduction of fuel consumption, safe driving, connectivity or new trends in comfort and style.
CLOSE TO MARKETS

— VALEO WORLDWIDE

Valeo operates in 28 countries, supporting automakers in all their markets. This worldwide presence enables the Group to efficiently satisfy customer demand and respond to the challenges of an automotive market that is both global and local.

NORTH AMERICA

- 14 production plants
- 6 R&D centers
- 1 distribution platform
- 8,029 employees

SOUTH AMERICA

- 8 production plants
- 4 R&D centers
- 2 distribution platforms
- 4,249 employees
**EUROPE**
- 57 production plants
- 34 R&D centers
- 8 distribution platforms
- 35,361 employees

**AFRICA**
- 4 production plants
- 1 R&D center
- 1,648 employees

**ASIA**
- 41 production plants
- 16 R&D centers
- 1 distribution platform
- 18,713 employees
The development of Valeo’s activities in Asia represents one of the Group’s major strategic priorities, as demonstrated by the projects to launch new operations in China, as close as possible to the local automakers, and by the acquisition of the Japanese supplier Niles.
Thanks to its dynamic sales approach, coupled with its capacity for innovation, the Valeo Group was able to grow its sales in real terms in Asia by 10% in 2011, whereas the market remained stable overall. In the second half of 2011, the Group generated 25% of its sales there.

— CHINA AND INDIA: TWO MULTIFACETED MARKETS

China and India represent the most significant growth opportunities, and are therefore a priority for the Group. China, where Valeo has been present since 1994, is now the world’s leading vehicle manufacturer with more than 17 million units produced in 2011. The Group offers all of its technologies there and has established close partnerships with automakers, in particular with local automakers who account for 45% of the domestic market. Valeo’s ambition is to double its sales in China by the year 2015.

In India, where the market is experiencing strong growth (up 10% in 2011), Valeo intends to introduce its main product lines between now and 2013. Just like China several years ago, the demand for innovative technologies is arousing increasing interest, and Valeo, with its broad product portfolio, is capable of meeting this demand in terms of both innovations and cost-competitive products.

A Japanese springboard

In June 2011, the acquisition of the Japanese company Niles made Valeo the world number one in the internal controls market. The cross-fertilization generated by this operation should also boost the sales potential of Valeo’s other product lines. Japan also represents an exceptional deployment base for the Group’s activities in the ASEAN zone – mainly Thailand, Indonesia and Malaysia – which is a low cost market where 80% of the production is Japanese, and where Valeo is developing its business with local automakers.

(1) In market share. Source : Valeo.

39% OF NEW R&D PERSONNEL ARE RECRUITED IN ASIA.
INNOVATING AND INVENTING THE CAR OF TOMORROW
EXCELLENCE

The 2011 results confirm that innovation is one of the key factors behind the Group’s success, with new products representing 30% of the order intake.

TOMORROW’S MOBILITY

INNOVATING TO INVENT THE AUTOMOBILE OF TOMORROW, CREATING TECHNOLOGIES AND PRODUCTS IN LINE WITH MARKET NEEDS, ANTICIPATING IN ORDER TO LEAD THE MARKET FORWARD THROUGH ITS INNOVATIONS, THESE ARE THE DRIVING FORCES OF VALEO’S R&D STRATEGY.
— INTEGRATING VEHICLES IN MORE ECO-FRIENDLY CITIES...

Valeo is at the heart of a socio-cultural revolution which involves rethinking the role of the vehicle. Urban growth represents a major trend for the automotive industry to manage, as it generates congestion and pollution. In line with its strategy for reducing CO2 emissions, the Group permanently analyzes both its innovation portfolio and market developments in order to design the products and solutions that will make the vehicle of tomorrow. Valeo contributes actively to the development of new low-consumption powertrains, and has become a key player in vehicle hybridization.

The Group is also continuing to develop integrated solutions for power electronics on the electric vehicles of the future, and new solutions for recovering energy during a vehicle’s braking phases, with the goal of significantly increasing driving range.

... AND INVENTING CONNECTED, RESPONSIBLE MOBILITY FOR THE FUTURE

Valeo’s innovations take into account the way people’s mobility habits are changing. Its R&D teams imagine and develop new solutions for city driving, by focusing on the possibilities offered by new technologies in terms of connectivity. One application, for example, duplicates the functions of the smartphone and displays them on the center console, while another also uses the smartphone for automatically parking a car. A new system has also been developed to process data from different sources in order to optimize energy management by predicting road conditions. It can, for example, predict a traffic light on red in order to anticipate the slowing down of the vehicle or the cutting off of the engine. This helps improve the flow of traffic in the city and the comfort and safety of users, and minimize the environmental impact of a journey. Valeo’s innovations make vehicles more intelligent.
POWERTRAIN SYSTEMS BUSINESS GROUP

The Powertrain Systems Business Group develops innovative powertrain solutions aimed at reducing fuel consumption and CO₂ emissions, without compromising on the pleasure and dynamics of driving. These innovations cover a complete product range, from the optimization of internal combustion engines to the varying degrees of electrification of vehicles, from Stop-Start systems to the electric car.

Powertrain Systems has five Product Groups:
- Electrical Systems;
- Transmissions Systems;
- Engine Management Systems;
- Air Management Systems;
- Hybrid and Electric Vehicle Systems.

3.1 BILLION EUROS OF SALES, OR 28% OF THE GROUP’S SALES

31 PRODUCTION SITES
10 RESEARCH CENTERS
13 DEVELOPMENT CENTERS
17,071 EMPLOYEES
THE STOP-START
The i-StARS Stop-Start system cuts off the engine when the vehicle comes to a stop at traffic lights for example, reducing fuel consumption by 15% in urban driving conditions.
In 2011, Valeo’s customers confirmed their interest in the innovations related to the reduction of CO₂ emissions offered by the Powertrain Business Group. Its presence in every region of the world represents a definite advantage when it comes to seizing new growth opportunities.

In 2011, in Stop-Start micro-hybrid systems, the year saw a sharp rise in volume production and two new strategic orders from Asian automakers for the i-StARS new generation system based on a belt-driven alternator-starter, and continuing orders for ReStart, a system based on a reinforced starter, from major European, Asian and American automakers. In the coming years, the Business Group will be offering a very competitive mild hybrid system known as the Hybrid4All. It is based on an evolution of the Stop-Start system and should enable most people to easily afford a hybrid car.

Other notable successes in this sector included the first order from a European automaker for electric motors for hybrid vehicles, and the extension of the market for inverters for the next generation of electric cars, to two European automakers.

— COMMERCIAL SUCCESS FOR AN INNOVATION: THE DUAL DRY CLUTCH

In 2011, in Stop-Start micro-hybrid systems, the year saw a strong increase in North America and several new production orders were signed in Europe and Asia for the dual dry clutch. This system is one of the Business Group’s key innovations: it represents a genuine alternative to automatic transmissions, offering improved efficiency for a 4% to 6% reduction in fuel consumption, while still combining the comfort of an automatic transmission with the sporty response of a manual gearbox.

Systems aimed at improving the performance of both gasoline and diesel engines and thereby reducing their pollutant emissions also met with commercial success. They include new ranges of high efficiency alternators with synchronous rectification, EGR (exhaust gas recirculation) valves and air intake throttles.

The Business Group’s momentum, boosted by its presence in every region of the world – Europe, the Americas, Japan and Korea, but also China and India, two countries where it intends to accelerate the development of its business – has enabled it to reaffirm its position as world leader in electrical systems and world number two in transmission systems.

An electric compressor for engine downsizing

The Group acquired the electric supercharger business (VTES) of the UK company CPT, which became the “Air Charging Systems” Product Line. This electric compressor with a switched reluctance motor makes it possible to downsize engines and this contributes significantly to reducing fuel consumption.

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-15% CO₂ emissions
The Thermal Systems Business Group develops and manufactures systems, modules and components to ensure thermal energy management of the powertrain and comfort for each passenger, during all phases of vehicle use. These systems help to significantly reduce fuel consumption, CO₂ emissions and other pollutants and harmful particles from vehicles equipped with internal combustion engines. They also increase travel range and battery life for hybrid and electric vehicles.

Thermal Systems has four Product Groups:
- Climate Control;
- Powertrain Thermal Systems;
- Climate Control Compressors;
- Front-End Modules.

3.1 BILLION EUROS OF SALES, OR 29% OF THE GROUP’S SALES

44 PRODUCTION SITES
6 RESEARCH CENTERS
10 DEVELOPMENT CENTERS
15,255 EMPLOYEES
THE AIR INTAKE MODULE
The efficiency of the air-fuel mixture drawn into the engine is increased through this new air intake architecture. This paves the way toward smaller, more fuel-efficient, less polluting turbocharged engines.
The Thermal Systems Business Group's sound performance in 2011 confirms the relevance of its two main strategic priorities: outperforming the market and developing innovative technology that reduces pollutant emissions.

— OUTPERFORMING THE AUTOMOBILE MARKET
The Thermal Systems Business Group outperformed the automobile market, with an 8% increase in sales compared with 2010. Worldwide light vehicle output increased by 4%, and China, Russia, India and Brazil drove this growth with an increase of 8.7%. The Business Group was able to take advantage of a strong market, in the emerging countries in particular, thanks to its extensive customer portfolio, its worldwide operations and the launch of innovative products.

Its international business drive enabled it to record an excellent level of order intake once again this year. It succeeded in both winning worldwide orders from a major US automaker while adding key Chinese automakers to its customer portfolio. It continued to break into the Indian and ASEAN markets while consolidating its overall position in Europe with its top customer, to whom it offered particular support in Russia. These orders will enable it to continue to outperform the market over the coming years.

— INNOVATION AND REDUCTION OF POLLUTANT EMISSIONS
Ever stricter environmental legislation has led to important changes in powertrains. With these changes, it has become necessary to continuously rethink thermal management systems, however the vehicle is powered – by downsized internal combustion engines or hybrid or electric drivetrains – not only to provide better performance, but also to optimize energy consumption. Only global players like the Thermal Systems Business Group have the capability to define these systems and design and produce these new components. The Business Group is already providing systems and architectures which are perfectly adapted to these changes, such as the Themis™ valve, Ultimate Cooling™ and, in the field of electric drivetrains, solutions for the thermal management of the passenger compartment as well as for batteries, which is essential for their proper operation and their durability.

— GROWTH OPPORTUNITIES
Thanks to its innovation programs developed with automakers who are technological leaders, and to its presence in China, Brazil and Russia and its ability to manage global platforms, the Business Group is in a position to benefit from market growth in the emerging countries. It intends to take full advantage of strategic orders received in India to strengthen its presence there and to step up its development in the ASEAN countries, so as to be a truly global player.
• Reduced fuel consumption
• Reduced emissions

• Turbo charged engine
• Dynamic handling

Integration of module into the engine block
The Comfort and Driving Assistance Systems Business Group develops interface systems between the driver, the vehicle and the environment, which help to improve comfort and safety. The Business Group focuses on intuitive driving, with four complementary priorities: easy, ergonomic interaction with the vehicle for the driver, driving agility with better visibility of the surrounding environment, connectivity, and safe, personalized access.

Comfort and Driving Assistance Systems has four Product Groups:
- Interior Controls;
- Driving Assistance;
- Interior Electronics;
- Access Mechanisms.

2.1 BILLION EUROS OF SALES, OR 20% OF THE GROUP'S SALES

30 PRODUCTION SITES
10 RESEARCH CENTERS
13 DEVELOPMENT CENTERS
15,672 EMPLOYEES
THE MULTIFUNCTION PANEL

The new multifunction panel manages the car’s air conditioning system and interfaces with multimedia features. It has a high-quality finish and its capacitive touch technology makes for ease of use.
EXCELLENCE

COMFORT AND DRIVING ASSISTANCE SYSTEMS BUSINESS GROUP

With a record number of orders taken in 2011, in terms of volume, geographic spread and diversity of customers, the Comfort and Driving Assistance Systems Business Group confirmed its technological leadership. It has become a pivotal player in this market, perfectly equipped to take advantage of dynamic emerging and mature markets.

— WORLD LEADER ON THE DRIVING ASSISTANCE AND INTERIOR CONTROLS MARKETS

Valeo is the world leader(1) for solutions to assist maneuvering and parking, based on three technologies for detection around the vehicle. When the Range Rover Evoque came onto the market in 2011, Valeo was able to further highlight its expertise, as the Evoque was the first vehicle equipped with a combination of ultrasonic sensors, cameras and radars. Emergency braking features for urban environments will also be enhanced with new technology such as laser scanners. The acquisition of the Japanese supplier Niles in June 2011 made Valeo world leader on the interior controls market(1), strengthening the Group’s position in Japan with its long-standing customers, including Nissan, and its presence in Asia, where it intends to generate 30% of its sales by 2015. Relying on long experience and in-depth knowledge of vehicle architectures, the Interior Controls Product Group develops high perceived-quality, innovative, robustly designed solutions for premium markets as well as for emerging and mass markets.

— SMARTPHONES AND SCREENS: THE NEW CHALLENGE FOR HUMAN-MACHINE INTERFACES

The worldwide success of smartphones and their use in vehicles has brought a new challenge for the automotive industry, and opened up new prospects for the Business Group. As well as the use of a smartphone to park one’s car (see left), the Business Group offers the Key Bridge, a key which the driver uses to adjust settings in the vehicle (e.g. seats, air conditioning) via a smartphone.

The Business Group has already anticipated another worldwide trend: the widespread use of screens, particularly in center consoles, and it is strategically placed to take advantage of the many market opportunities in this area.

— COMFORTABLE AND SECURE VEHICLE ACCESS

The Interior Electronics Product Group covers the full range of access and start systems, and in particular hands-free entry and start systems, which are experiencing strong growth on all markets. Access Mechanisms offers solutions that bring together safety and intuitive vehicle access. This Product Group is a worldwide player with a strong leadership position in Europe, South America and India, as well as an important foothold in China and North America, and new operations in Russia.

A car that parks all by itself
At the Frankfurt Motor Show in September 2011, Valeo previewed the fully automatic Park4U® Remote parking assistance system, which parks the vehicle via a smartphone without any input from the driver. Live demonstrations of the Park4U® Remote vehicle made a strong impact on both public and media, and helped significantly strengthen Valeo’s position as world leader in parking assistance solutions.

(1) In market share. Source: Valeo.
• Multifunction panel for BMW 1 & 3 Series
• High-quality finish
• Customized multimedia features
• Function preview
• Air-conditioning control

1. Preview functions by simple touch
2. Activate by pressing the button
The role of the Visibility Systems Business Group is to design and produce efficient and innovative systems which support the driver at all times, day and night, offering perfect visibility and thereby improving the safety of both driver and passengers.

Visibility Systems has three Product Groups:
- Lighting Systems;
- Wiper Systems;
- Wiper Motors.

2.5 BILLION EUROS OF SALES, OR 23% OF THE GROUP’S SALES

32 PRODUCTION SITES
5 RESEARCH CENTERS
17 DEVELOPMENT CENTERS
17,613 EMPLOYEES
THE AQUABLADE®

The Aquablade® system ensures perfect visibility in all conditions. Driver vision is not obstructed during windshield cleaning as the washer fluid is distributed evenly along the entire length of the sweeping blade surface and immediately wiped away. The system’s precision reduces the amount of required fluid by half.
For the Visibility Systems Business Group, 2011 was a year of steady growth, sustained by a significant increase in order intake, which shows that the market for Valeo’s visibility systems is strong over the long term. Another key to success is provided by the Business Group’s international development and its presence on high-growth markets, where it intends to reinforce its positions.

The Business Group’s solid performance confirms its dynamism, and reflects two of the markets’ major trends: automakers’ widespread implementation of LED lighting systems and a growing interest in electronic wiper systems.

— LED: A WHOLE RANGE OF INNOVATIONS
LED lighting meets a dual objective on the part of Valeo and its automaker customers: reducing vehicles’ energy consumption, and therefore CO₂ emissions, and improving driving comfort and safety for users. LED lighting performs better than halogen and xenon lighting, and offers a great deal of flexibility in terms of style, allowing automakers to create unique lighting solutions to distinguish brand identity.

Along with its partners Ichikoh and Valeo Sylvania, the Business Group has developed three major lines of LED lighting technology: the PeopleLED concept for entry-level models, the modular FullLED, BiLED and PowerFullLED solutions for low beam and high beam functions, and the BeamAtic™ PremiumLED headlamps which further improve the performance of camera-directed adaptive headlamps. For rear lighting systems, for which style is the decisive factor, the LED MicroOptic™, LED 3DEffect™ and LED SeeThrough™ solutions provide a perfect response. Similarly, modular or customized LED fog lamps help both define the vehicle’s identity and improve safety.

— WIPER SYSTEMS: INNOVATION FOR BETTER VISIBILITY
The development of fully electronic wiper systems reflects growing interest on the part of automakers and the market for quieter systems offering more precise wiping. These systems, now available worldwide, complete the Business Group’s range of technologies combining efficiency with reduced weight and energy, while also minimizing CO₂ emissions: flat or traditional arm and blade sets, windshield washing and de-icing systems, including the AquaBlade® system, and rear wiper motors for simplified vehicle integration.

— WORLDWIDE LEADERSHIP
Thanks to its full range of technologies and innovations and to its worldwide presence, the Business Group is already a major player in lighting and wiper systems, ranking number one in wiper systems and number two in lighting systems. Its worldwide growth strategy was further strengthened in 2011 through the extension of several production sites and the opening of new units in Russia, Romania and Morocco. As part of this strategy, new operations will soon be opened in northern China in order to consolidate Valeo’s coverage of China’s key regions for automotive production, and efficiently serve automakers operating in these regions.

* Called VisoBlade® in some countries.
• Perfect visibility

• Weight reduction of 2 kg for washer fluid tank = – 0.2 g of CO₂/km
Valeo Service supplies original equipment spares (OES) to automakers and replacement parts to the independent aftermarket (IAM). It offers all aftermarket channels worldwide a wide range of products and services to help boost the efficiency of repair services, and to provide greater safety, comfort and driving pleasure to consumers.

— NEW PRODUCTS

To confirm its intention of offering an increasingly tailored range of services, Valeo Service launched a new range of air, oil and fuel filters in 2011, combining longer use and greater precision, and broadened its catalog of parts dedicated to engine management. The alternative to leverage its “product” expertise, especially on the emerging markets. The opening of subsidiaries dedicated to replacement parts in China, Poland, Turkey and Russia, and the development of product ranges adapted to the specificities of local vehicles in those areas, represent significant growth drivers.

— WORLDWIDE DEPLOYMENT

In 2011, Valeo Service grew by over 60% in China and strengthened its teams there.

In 2011, Valeo Service opened two new sales units, in Japan and Argentina, and deployed teams specializing in OES parts in China and South America. These highlights illustrate its intention to operate close to its customers, and

Valeo Service is organized around five markets (repair, maintenance, crash, post-equipment and trucks), and offers 278 product lines for light, commercial, industrial and heavy-duty vehicles. As a specialist in both OES and IAM, Valeo Service is present in 100 countries through 13 sales divisions and 12 distribution platforms, and has some 2,500 major customers.

New radiator models and clutch kits for the Valeo CLASSIC range designed for vehicles 10 years old or more.
The cost-effective Valeo CLASSIC range was extended, adding more clutch kit references and over 100 extra radiator models. Special focus was also placed on making a wide range of parts, in particular alternators, starters, clutches, condensers and wiper blades, available for the sharply growing number of Asian models on the road.

— THE TRUCK MARKET
Valeo Service is also focusing on trucks: it extended its range of clutch kits, developed the OptiPACK™ brake pad kits, and widened its offer of FS60 starters, which are renowned for their durability and reliability.

Valeo Service focuses on trucks with its OptiPACK™ brake pad kits. With 57 part numbers it covers 92% of trucks on the road in Europe.

To support all these launches, Valeo Service proposes innovative services and wide-ranging support in areas such as diagnostics, training, sales tools and marketing.

— CUSTOMER SATISFACTION
Valeo Service’s commitment to its customers was rewarded by two distinctions in 2011: the “Best Sales and Marketing Support” award from the Temot International distribution group, and the “2011 Best Supplier, Logistics Category” from the Groupauto International distribution group.

— THREE MAJOR STRENGTHS
Its wide range of products, its geographical presence and its expertise represent major advantages which will help Valeo Service pursue its development on a global aftermarket estimated at 250 billion euros, in which the total number of vehicles on the road worldwide is currently increasing by 3% to 4% each year.

The new range of OEM quality engine sensors broadens Valeo Service’s engine management systems product offer that already includes injectors, EGR valves, ignition coils, fuel pumps and spark plugs.

Valeo Service focuses on trucks with its OptiPACK™ brake pad kits. With 57 part numbers it covers 92% of trucks on the road in Europe.
OPERATIONAL EXCELLENCE: OF FUNDAMENTAL IMPORTANCE TO VALEO

The controlled development of the Group’s business takes place through the daily implementation of a guiding principle: obtaining cost-effective total quality first-time at every level.

Valeo’s culture of operational excellence is based on a set of values applied by all employees, and it converts into world-class quality which is a key demand from both consumers and automakers. This culture is the day-to-day driver for all Group employees and is the cornerstone of the 5 Axes methodology which enabled Valeo to enjoy widespread recognition in 2011, from its customers and partners, for the quality of its products and services.

— OPTIMIZING INDUSTRIAL OPERATIONS
Producing quality products and delivering them on time are the main criteria for ensuring customer satisfaction and profitable operations today and growth tomorrow, but the optimization of industrial operations and the deployment of Valeo standards and tools in terms of supply chain and production are also crucial elements in the Group’s industrial mission. This approach, which is instrumental in the reduction of both production costs and inventory, saw in 2011 the implementation of a new regional organization of operational support for plants in supply chain and production system with nine shared services centers across the world, the continuation of the program to introduce just-in-time management in order to reduce inventory, and the launch of a program to improve equipment utilization rates.

— RATIONALIZING PURCHASING
Purchasing accounted for 58% of Group sales in 2011, and alongside its own reorganization, continued to reduce costs by strengthening partnerships with strategic suppliers and by looking for the most competitive suppliers on a worldwide
At the end of 2011, 27% of the Group’s sites were at 0 PPB and 76% were below 10,000 PPB, which represents an improvement of almost 30% on 2010.

These actions enabled the Group to deliver the same products at the same levels of quality and reliability in every market, on every continent, by applying the same standards in all its sites.
A COMMITMENT TO SOCIETY AND THE ENVIRONMENT
A COMMITMENT TO SOCIETY AND THE ENVIRONMENT

The very nature of its activities puts Valeo, as a partner to the world’s leading automakers, at the crossroads between two major socio-cultural trends – the rising demand for optimized mobility and increasing concern for the environment reflected in stricter laws and regulations.

Valeo’s business is conducted with due regard to the environmental, economic and social/societal aspects of sustainable development. The Group addresses the environmental aspect by designing and developing innovative technologies for increasing fuel efficiency and reducing CO₂ emissions while its manufacturing processes and plants are designed to limit their environmental impact. Its commitment and drive for transparency and continuous progress in this field is also seen in the environmental indicators it has set up to respond to the requirements of the Global Reporting Initiative (GRI).

In terms of the economic aspect, Valeo is, for example, involved in the Automotive Suppliers’ Modernization Fund (FMEA) in France. Through the government-sponsored Strategic Investment Fund (FSI), the FMEA supports the entire automotive industry, especially Tier Two suppliers, aiming to improve their competitiveness in line with a sustainable development philosophy.

Valeo aims to be a good corporate citizen and an exemplary employer, and its many actions include ongoing employee support, the promotion of diversity among its teams, and support for progress initiatives with local communities.

This commitment to sustainability, driven by everybody from the top management to the shop floor, customers and suppliers is a genuine contributor to shared progress and enhances Valeo’s appeal as an employer to new generations, who are increasingly sensitive to sustainability issues.
Why did Valeo create a Sustainable Development Department?
This Department was set up because Valeo wanted to give greater visibility to its commitment to sustainable development which is inscribed in the Group’s DNA and crosses all functions. It also follows on naturally from the action we have taken in the past and will drive progress in line with our global strategy for winning new customers, expanding into new regions, and securing future growth.

Involving all functions is vital to your approach. What form does this take?
If our action is to be effective we must harmoniously integrate the three pillars of sustainable development – the economy, the environment and our social/societal responsibility. Beyond this, our ambition is to involve all functions in the sustainable development policy: human resources, the environment and health and safety at work, research and development, communications, quality and purchasing, manufacturing and logistics. Again, we need to approach this on an industry-wide basis, including our suppliers through guidelines designed, amongst others, to improve their sustainability performance.

What were the sustainable development highlights of 2011?
I would emphasize the commitment of the Group’s employees in ensuring the sustainability of our activities in Japan and Thailand, hard hit by natural disasters. The Group has also set up biodiversity indicators, and launched its ambitious “Well-being at work” program in all countries in which Valeo operates. Valeo has also stepped up its “Plant Initiatives” program that carries out local social and civic initiatives that then become tangible, recurrent actions. The program’s success is proof that all our sites have bought into the sustainable development policy.
RESPONSIBILITY

A HUMAN RESOURCES POLICY AT THE SERVICE OF SUSTAINABLE GROWTH

Valeo places great value on its employees and its Human Resources policy seeks to enhance their value through a corporate culture forged around excellence in operations, world-class quality standards, a set of shared values, and a strong commitment to social, societal and environmental issues. This policy is also designed to prepare and support Valeo’s international growth, with the help of a dynamic hiring program, especially in high-growth regions, in order to cultivate and retain talented employees. Furthermore, Valeo’s Human Resources policy is intended to be all-inclusive, going beyond the simple pay aspect, and offering mobility and training to give all employees the best possible career development prospects within the Group. This policy also aims to emphasize the Group’s values, ethical principles, promotion of diversity and gender balance, well-being at work and a better life-work balance, which all help to boost the Group’s appeal as an employer as it prepares to hire 15,000 employees by 2015.
The under 29 age group accounts for 29.3% of Valeo’s workforce.

— DIVERSITY AND GENDER BALANCE
Because diversity and gender-balance enrich a company and make it more competitive, Valeo is keen to recruit women, people with a disability, young people and mature employees, while maintaining a broad cultural mix and the internationalization of its workforce. Current initiatives to increase female employment led in 2011 to an increase of 1.1 points in the level of women among the Group’s engineers and managers compared to 2010. Women account for 32% of the Group’s total workforce. In line with the principles of its Code of Ethics, that promote equal rights for employees, in 2011 Valeo pursued its policy of fostering the employment and integration of people with disabilities. By the end of the year, they accounted for 1.4% (824 employees) of the Group’s total workforce. In addition to direct employment, in France the Group has contracts with subcontractors and service providers that help integrate people with disabilities into work, worth 2 million euros in 2011, up more than 40% compared to 2010.

— A BROAD AGE MIX
Another priority for the diversity policy is the employment of mature workers and so benefiting from their experience, being able to anticipate the evolution and the transmission of the skills, and encouraging the integration of all generations within the Group. Valeo has continued to promote employability throughout people’s careers by giving everybody the chance to develop their skills or change direction professionally. Valeo has also maintained its drive to increase youth employment (16,068 employees are aged under 29, i.e. 29.3% of the workforce) and forge relationships with internationally respected higher education establishments.
RESPONSIBILITY

MOBILITY

Encouraging mobility within the Group, in all the countries in which it operates, is a cornerstone of Valeo’s Human Resources policy, which aims to fill three out of every four vacancies internally.

At Valeo, internal mobility has to meet two strategic needs: deploying human resources according to the needs of the Group’s different sites and retaining staff by offering them interesting career prospects. A “Succession and Development Plan” is drawn up each year to identify the next stages in the career path of each engineer and manager, who numbered 13,611 at end 2011. The process was strengthened in 2011; succession plans were drawn up in the main countries where the Group operates to promote the development and mobility of local talent.

— INTERNATIONAL MOBILITY: A TARGETED APPROACH
Other career optimization tools are available for employees and their managers, including annual and mid-year appraisals, career evaluations, and individual development plans. Using these tools, nearly 3,500 engineers and managers benefited from career development actions in 2011. This policy is also reflected in a targeted international mobility process that ensures the transfer of key skills and technologies, the rapid deployment of the 5 Axes culture and the implementation of Valeo expertise in new operations and joint ventures. Around fifty experienced managers are expatriated every year. The Group has set up a shared services center for managing international mobility, in order to provide high-level support to these moves.

— RECOGNIZED EXPERTS
The system for recognizing Experts, both in products and processes, led to the appointment in 2011 of 80 new Experts, the promotion of 15 Experts to a higher status, and the renewal of 132 Expert positions. Being an Expert at Valeo means following a parallel career path with the same status as a manager, but with additional technical responsibilities.

— REINFORCING THE HR NETWORK AND PROCESSES
In order to improve talent development, the role of the HR teams has been extended and the teams have been strengthened in several countries (Germany, Brazil, China, India, Mexico and Poland). In parallel, the skills management system was completely revised in 2011, with the addition of six leadership skills and the updating of transversal competencies. These two areas are vital for keeping pace with changes in the Group’s organization, in crucial areas such as co-management and teamwork.

3,500 engineers and managers benefited from career development actions in 2011.
RECRUITMENT

Recruiting the best talent goes hand in hand with Valeo’s international growth strategy. It will also ensure success in offering the Group’s customers added value in terms of innovation, quality, and competitive services in a fiercely competitive market.

In 2011, Valeo hired 13,000 employees worldwide, including 8,000 permanent staff, of whom 3,000 were engineers or managers. These new hires should support the Group’s international expansion. Valeo is planning to recruit an additional 15,000 people by 2015, and is drawing on targeted higher education partnerships with prestigious establishments to support this dynamic policy. To this end, it took part in a range of higher education forums (Arts et Métiers ParisTech, Audencia, Centrale Paris-Supélec, EDHEC, ESEO, Supméca, Sup’Optique and UTC in France); the international corporate volunteers forum organized by UbiFrance; a training forum with CEFIPA and ESIEE (France); events held at 11 universities in China (including in Shanghai, Wuhan and Chengdu), Japan and India; and the Franco-German forum held in Strasbourg (France).

— SPONSORING THE FUTURE

Valeo also sponsors Audencia’s “Engineers’” network, which allows engineers to obtain a diploma from this French business school through a specific studies program, and Share, an organization of students of the most prestigious Asian universities. Valeo helped to organize Share’s world seminar, held in Bangalore, India, in December 2011. In line with its policy of improving the gender balance, Valeo also sponsors the “Elles Bougent” association which promotes careers in transport among female high school and university students, by sponsoring events where job opportunities are presented with the aid of Valeo mentors. The Group was also represented at the “Top Women, Top Careers” forum in Brussels, Belgium, with the objective of attracting applications from female engineers or those seeking a career in industry.

A broad dialog with universities

The Group supports dialog initiatives and lectures given by senior managers at internationally reputed universities. These lectures, which were given at the universities of Aachen (Germany), Graz (Austria), Clemson (South Carolina, USA), Bocconi (Italy) and the South China University of Technology (Canton, China), covered topics such as Valeo’s role in the electrification of vehicles and its vision of sustainable development. Its R&D Convention was held at, and supported by the University of Versailles Saint-Quentin (France) – See photo right.
Training is a key means of leveraging the skills of the workforce and mobilizing everyone through the sharing of values, methods and a common language.

Training requirements are analyzed on the basis of skill assessments for given jobs, business development or internal mobility. The Group’s training policy is based on several learning techniques, to accommodate people’s timetables and travel schedules, and also the subjects addressed, the means used and the individual pace of learning. Alongside face-to-face or remote sessions by external trainers or Valeo Experts, field training initiatives have also been developed, involving local management, to increase operator flexibility and multi-skills. Training is also dispensed by the 5 Axes schools to enhance expertise in Valeo’s working methods and tools.

— INNOVATION AND SAFETY
In 2011, 79.4% of employees benefited from at least one training action. The number of hours was up by 9% and the number of trainees by 7% compared to 2010. Programs about materials, products, manufacturing systems and processes, all vital for supporting Valeo’s policy of innovation and technological development, featured most prominently, accounting for 23% of the total number of training hours compared to 21% in 2010. Safety training increased to 19% of total training hours, for 63% of the workforce.

— E-LEARNING AND FIELD TRAINING
Demand for online self-study modules (Valeo Campus), with or without an assigned tutor, increased considerably in 2011 relative to 2010 (25% more hours and trainees). The mix of training methods is today a central feature of the Group’s 5 Axes training programs and its programs for improving managerial skills, operated in conjunction with CEDEP, the European Center for Continuing Education. Valeo’s international expansion highlights the importance of language learning and training programs in cross-cultural relations, which together accounted for 9% of training in 2011.

Global employee feedback survey
The Group conducted a global employee feedback survey in 2011. All of the Group’s engineers and managers were asked to respond to the survey, which was the second of its kind, after a 2008 poll of Valeo’s senior managers. Findings for the latter showed a sharp upturn in confidence in the Group’s strategy and prospects, leadership style and in-house communication. Other respondents stressed the excellent working environment, relations with line managers, good corporate structure, and also highlighted the need to improve in-house communication and career development opportunities. Each of the Group’s entities identified five priorities and implemented an action plan to improve results.
Health and safety in the workplace constitute a priority for Valeo, which is aiming for “zero accidents”. In line with this goal, in 2011, the Group continued to deploy tools (quick response quality control – QRQC) for analyzing each occupational accident or incident. These tools were implemented in 2007 and have been optimized annually. They have led to a significant reduction in the number of occupational accidents (with or without lost time), which has fallen by 69% since 2007. In addition, the severity rate has declined by 50% in the last five years.

— WELL-BEING AT WORK: A GLOBAL INITIATIVE
Since 2010, the Group’s employees in France have benefited from an agreement on “Well-being at work” that was signed with French labor organizations. This agreement restates the importance the Group gives to the physical and mental well-being of its employees. It defines a psychosocial risk evaluation procedure for the company and lists a number of measures for improving well-being in the workplace. A “social climate” survey launched at the end of 2010 within all the Group’s French sites allowed each “Well-being at work” committee to define and start implementing local action plans in 2011. At the end of 2011, the Group rolled out this initiative in all the countries where Valeo operates.

— LABOR RELATIONS BASED ON DIALOG
In terms of sustainable development, Valeo strives to reconcile economic, social/societal and environmental development in each of the Group’s entities, and to achieve an optimal social climate, based on dialog, debate, transparency and the search for well-balanced solutions that benefit all stakeholders. In 2011, this led to the signing of 211 agreements, in all 28 countries in which the Group operates. Among these agreements, 93 concerned working hours, 87 concerned pay, 54 concerned profit-sharing and incentive schemes, and 35 concerned bonuses.

— A NEW PROFIT-SHARING AGREEMENT
In June 2011, talks with French labor organizations led to the signing of a three-year incentive scheme (2011-2013) covering eight of the thirteen French legal entities immediately, and designed to apply in due course to all French employees. Using the formulas laid down by this Group agreement or under local agreements still in force during 2011, a total of 5.4 million euros was paid out to employees.
In line with its sustainable development policy, Valeo has put enhancing the energy efficiency of the components and systems it develops at the heart of the Group’s technology development plan. This environmental vision is further materialized by the design of “clean” plants that are more environmentally friendly.

--- DEVELOPING INNOVATIVE TECHNOLOGIES FOR SUSTAINABLE MOBILITY

Valeo is the benchmark partner for sustainable mobility: its products generate fuel savings, reduce CO₂ emissions and it produces innovative technologies for hybrid and electric vehicles. Every phase of product development is governed by sustainability concerns. First, the product must satisfy the automaker and end user in terms of helping the vehicle to comply with increasingly ambitious regulations on authorized emission levels for vehicles. In 2007, Valeo adopted eco-design guidelines for its products, allowing its engineers to assess all environmental impacts throughout the product life cycle, including the type, number and quantity of raw materials; production, packaging, transportation and distribution; use and maintenance; dismantling, recycling, reuse, recovery and disposal. In 2011, Valeo updated its Product Life Cycle Management standards, and issued an Eco-Design Checklist in order to track the application of these criteria to new projects. The Group has also introduced innovative processes for the production of plastic parts, using recycled plastic grades and natural materials.

--- THE EUROPEAN INVESTMENT BANK SUPPORTS VALEO AND ITS GREEN INNOVATION POLICY

Valeo is involved in a number of projects which have received European Union support. The Group has been granted a 300 million euros loan – the second part of which was received in 2011 – from the EIB for the funding of research and development programs dedicated to environmental and safety improvements. This amount is comparable to, or slightly higher than, the loans granted to Valeo’s competitors, confirming Valeo’s dynamic research into innovative solutions for generating fuel savings and reducing CO₂ emissions.
Valeo reelected to the vice-presidency of the European Road Transport Research Advisory Council (ERTRAC)

This organization is responsible for steering and consolidating road transport research policy on behalf of the European Commission, anticipating developments in road transport between now and 2030, and drawing up a roadmap of industrial and societal actions. The Group’s reelection to the vice-presidency testifies to the confidence which all the stakeholders have in the commitment to Research and Development displayed by Valeo, as leader of the Tier One suppliers in this structure.
The Group’s environmental management is entrusted to the Risk Insurance Environment Department which has a network of HSE (Health Safety Environment) managers working at Group, Business Group and site level to deploy tools that minimize Valeo’s environmental impact. These tools consist of the Environmental Charter (drawn from the Sustainable Development Charter) and the Risk Management Manual, which contains all Valeo’s procedures involving the environment, the health and safety of personnel, and the security and safety of installations. This manual was revised in 2011. The Group carries out external audits of its sites by independent consultants, who make recommendations which are followed by HSE action plans and inspections within a continuous improvement process. These measures are enshrined in the ISO 14001 environmental certification, obtained by 98% of Valeo sites so far.

— REDUCING THE CARBON FOOTPRINT
Reducing its energy intensity will allow Valeo to both save resources and reduce its carbon footprint. Comparing like for like with 2009, the final year of the first three-year plan (2007-2009) for the reduction of raw materials and emissions, direct greenhouse gas emissions were down by 18%. In order to comply with Article 75 of France’s “Grenelle 2” environmental protection act, Valeo included emissions generated by its vehicles and by the biochemical processing involved in some industrial procedures in the 2011 footprint. Taking account of these figures, Valeo has reduced direct greenhouse gas emissions by almost 9% since 2009. Indirect greenhouse gas emissions, from electricity consumption, fell by 5% compared to 2009.

— MORE ENVIRONMENTALLY FRIENDLY SITES
Valeo’s sustainable development policy is applied at all production and distribution sites over their entire life cycle. Building or rehabili-
Energy conservation best practices
At end-2011, Valeo published its best practices for conserving energy, covering a wide range of actions that can be implemented to optimize the use of energy and resources. These documents were based on surveys and energy audits carried out at sites and feature examples implemented at pilot sites considered to be “centers of excellence”.

— VALEO EXCEEDS ITS TARGETS FOR REDUCING ENERGY AND WATER CONSUMPTION
Valeo’s 2010-2012 consumption control plan set a reduction target of 10% for energy consumption and 7% for water consumption. By the end of 2011, it had exceeded these targets, with energy consumption down by 12% and water consumption down by 32%. These figures demonstrate the effectiveness of Valeo’s awareness raising and training actions, employee buy-in to this environmental drive, and the relevance of the technical solutions deployed: meters, modular lighting systems linked to the intensity of natural light, etc. Valeo is well on the way to achieving targeted cuts in packaging materials, and is continuing its waste reduction and recovery efforts.

-18%
in direct greenhouse gas emissions.
RESPONSIBILITY

SOCIAL RESPONSIBILITY

Increasing the quality of life in the workplace and giving all employees the right conditions for their professional and personal fulfillment, with training, youth employment and diversity: social responsibility lies at the heart of the Group’s Human Resources policy.

— SUPPORTING OUR EMPLOYEES

The name Valeo is Latin for “I am well”, and the Group honors this pledge in its dynamic “Well-being at work” policy designed to prevent psychosocial risks in order to ensure the “individual’s state of balance, in terms of both workload and work-life balance”. The policy has already seen the launch of 63 actions at sites in France, and its global deployment was initiated in 2011 as part of the wider health and safety policy. In 2011, the Group also continued to deploy tools for analyzing each occupational accident or incident using QRQC (quick response quality control), leading to a reduction of 69% in the frequency rate, with or without lost time, since 2007.

Another factor in this success was the stepping up of safety training, with specific training time up by 19% for 63% of employees. The Play Safe® module in particular aims to raise awareness and reduce accidents. In China in 2011, the 5 Axes school created a “Safety First” course to raise awareness of safety risks for production personnel. Valeo’s training policy objective is to train as many employees as possible. Training time was up by 9% compared to 2010, with 7% more trainees.

— PROMOTING DIVERSITY

Diversity helps to create shared value and it is a key factor of Valeo’s social responsibility, which is designed to improve the gender balance, cultivate cultural diversity and increase youth employment. In 2011, the Group hired 1,211 interns, 770 apprentices and 137 international corporate volunteers. On completion of their internships or apprenticeships, 26.5% of these young people were given permanent jobs by the Group. This drive to encourage diversity is also seen in Valeo’s relations with higher education establishments and the development of partnerships with internationally reputed universities and schools.

Valeo sponsors the student association Share, for students from the most prestigious Asian universities, and participated in the association’s international seminar held in Bangalore (India) in December 2011.

— IMPROVING THE GENDER BALANCE

At the end of 2011 Valeo started a working group to make recommendations on how to attract, retain and promote more women and to obtain a more representative gender balance at every level, including top management. The Group was also represented at the “Top Women, Top Careers” forum in Brussels (Belgium), with the aim of attracting applications from female engineers or those seeking a career in industry. Valeo’s presence at this event expressed its ambition to recruit more women, just like its support for “Elles Bougent”, an organization designed to promote engineering careers in the automotive, aeronautic, space, rail, maritime and energy industries.
COMMITMENT TO SOCIETY

Valeo, as a responsible corporate citizen, is involved in the life of local communities – sharing its skills, supporting people suffering from the aftermath of natural disasters, conducting research into mobility and sustainable transport.

Valeo is playing an active role in research into the gradual decarbonization of road transport, which is a central concern for the public. The Group belongs to the International Transport Forum (ITF), an intergovernmental organization within the OECD, whose key members are the transport ministers of the 53 OECD member states. Its research center consists of top-ranking executives of the world’s leading transport companies, including Valeo, which offers its knowledge and expertise regarding environmental protection programs.

— PLANT INITIATIVES
Valeo is also active on a local level. The survey conducted by the Group in 2011 across all 124 sites in 28 countries found that 92% had launched at least one civic action. The Lighting Systems site at Martos in Spain opened its doors to local stakeholders for the presentation of SEAT’s prototype electric vehicle, equipped with Valeo LED lighting. Other Plant Initiatives include the Warsaw site’s in-house campaign encouraging employees to donate the equivalent of 1% of their total tax bill to the charity of their choice. The site at Istanbul in Turkey donated faulty parts to local technical schools. In France, the Bobigny site teamed up with a local TV channel to promote the image of the town with an event entitled “Bobigny meets Bobigny”. The site has also started attending the biannual local council meetings with a view to improving quality of life in the industrial area.

— A COMPANY THAT CARES
After the terrible earthquake and tsunami that hit Japan in March 2011, the Group launched an in-house appeal for donations in support of affected children in the Iwate Prefecture. It also offered its support to children’s charity KnK Japan. The money donated by the Group and its employees came to over 120,000 euros, which went towards the funding of new schools, the distribution of coats and jackets to the region’s children, etc. Other initiatives were launched in Thailand after devastating floods there.

— VALEO SUPPORTS THE FONDATION GARCHES
For over twenty years, Valeo has been supporting the Fondation Garches’ wheelchair test and selection center which aims to restore the independence and employability of people suffering from motor handicaps. In addition to financial support, the Group also offers its expertise: its R&D team has set up a technological program to create an obstacle detection system for electric wheelchairs.
A SOCIALLY RESPONSIBLE COMPANY

VALEO ENCOURAGES CIVIC INITIATIVES IN ALL ITS SITES. 92% OF ITS 124 SITES HAVE LAUNCHED AT LEAST ONE CIVIC ACTION, TESTIFYING TO THE STRENGTH OF THE TIES BETWEEN THE COMPANY AND LOCAL COMMUNITIES.

— FRANCE (1)
The Suze-sur-Sarthe plant launched a campaign for the prevention of domestic accidents during which all employees were issued with smoke detectors. A noise awareness raising campaign included the deployment of auditory protection equipment for production personnel – supervisors, operators, maintenance technicians, etc. – who all received Play-Safe® training.

— SPAIN (3 and 4)
The Martos site took part in a project that was also launched at sites in three other countries (Morocco, Romania and Poland) designed to promote the benefits of diversity and multiculturalism. This is a three-pronged initiative which promotes both the differences and overlaps between cultures, to reinforce team spirit;
offers employees the chance to work in an open, welcoming working environment; stimulates their personal and professional fulfillment with new relationships enriched by cultural difference.

In Madrid, a women’s team from Valeo took part in the race against cancer held in the city’s streets. A first, that follows on from the screening and prevention program carried out every year by the site’s Human Resources Department which covered the registration costs for all volunteers.

— POLAND (6)
The Warsaw site encourages employees to donate the equivalent of 1% of their total tax bill to the charity of their choice and informs them on how to go about making this gesture.

— MEXICO (2)
All employees at the San Luis Potosi plant rallied in support of the “Cobi Juguetón” operation. “Cobi Juguetón” derives from the Spanish words cobija (blanket), juguete (toy) and marathon. The operation aimed to collect as many blankets and toys as possible in a short time and donate them to charities. A total of 210 toys and 108 blankets were donated.

— CHINA (5)
Over 200 employees at the Shashi site took part in diversity week, during which a race was held along the old city wall. The Shenzhen site has initiated a dialogue with the Canton region’s laboratories and teachers and hopes that its awareness raising will attract talented new recruits.

— BRAZIL (7)
The São Paulo site is involved in the Formare School, an educational program helping young people from poorer backgrounds to obtain technical qualifications recognized by the Brazilian Ministry for Education. Around forty site volunteers work on this one-year course, attended on-site by around twenty participants.

92% of Valeo’s 124 sites implemented at least one civic action in 2011.
Environmental commitments and measures as well as occupational health and safety assurance are managed within a dedicated organizational structure using appropriate tools to achieve the environmental objectives for the 2010-2012 period. At end 2011, Valeo had achieved its objectives in terms of energy and water consumption reduction. Objectives concerning environmental and occupational health and safety certification, together with targeted reductions in CO₂ emissions, should be attained by end 2012. Valeo will need to intensify efforts to achieve the targeted cuts in the Group’s use of packaging and waste production.

### PRODUCTION SITE ENVIRONMENTAL PERFORMANCE

<table>
<thead>
<tr>
<th>Objectives(1)</th>
<th>2012 target (basis 2009)</th>
<th>2011 result (basis 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in energy consumption (MWh/€M)</td>
<td>-10%</td>
<td>-12%</td>
</tr>
<tr>
<td>Reduction in water consumption (m³/€M)</td>
<td>-7%</td>
<td>-32%</td>
</tr>
<tr>
<td>Reduction in packaging materials consumption (kg/€M)</td>
<td>-15%</td>
<td>-5%</td>
</tr>
<tr>
<td>Reduction in waste production (t/€M)</td>
<td>-15%</td>
<td>+13%</td>
</tr>
<tr>
<td>Waste recovery rate (%)</td>
<td>+15%</td>
<td>+6%</td>
</tr>
<tr>
<td>Carbon efficiency of infrastructures and logistics (%)</td>
<td>-10%</td>
<td>-7%</td>
</tr>
</tbody>
</table>

### ENVIRONMENTAL AND OCCUPATIONAL HEALTH AND SAFETY CERTIFICATION(2) (% certifiable sites)

<table>
<thead>
<tr>
<th>ISO 14001 certification</th>
<th>2012 target</th>
<th>2011 result</th>
<th>OHSAS 18001 certification</th>
<th>2012 target</th>
<th>2011 result</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>98%</td>
<td>93%</td>
<td></td>
<td></td>
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</tbody>
</table>

(1) These objectives have been set by reference to the performance for 2009.
(2) The Valeo Group’s carbon footprint was initially estimated in 2009 and then in 2010 and 2011.
The 10% objective set by Valeo represents the targeted reduction in direct and indirect greenhouse gas (GHG) emissions (scopes 1 and 2).
(3) Number of certifiable sites: 108.
Energy consumption dropped by 8.8% relative to sales. Energy consumption in absolute terms rose by 2.7% in 2011. The increase is partly attributable to the first-time 100% consolidation of the Taegu plant in South Korea whose reported consumption accounted for 40,000 MWh of the total increase of 50,000 MWh. The targeted 10% in reduction in energy consumption over the 2010-2012 period has already been exceeded.

The share of renewable energies in the energy mix remains low. However, some sites have installed renewable energy-producing facilities that not only cover their needs but also generate electricity for sale back to the grid. The Limoges plant, for example, produced 2,629 kWh in 2011. The Isle d’Abeau plant allowed EDF EN (Énergie Nouvelle) to install solar panels on 11,045 m² on its roof in exchange for roof repairs. In 2012, an estimated 1,788 MWh of renewable energies should be produced.

Relative to sales, direct CO₂ emissions from the burning of fuel oil and gas at Valeo’s sites fell by 12% in 2011. Direct greenhouse gas (GHG) emissions represent just 3% of the Group’s carbon footprint. However, Valeo pays close attention to the scope 1 emissions for which it is responsible and implements actions at its sites so that they continue to reduce their consumption of non-renewable energies.

In 2011, packaging materials consumption as a proportion of sales decreased by 5%. In absolute terms, consumption increased as a result of the start-up or scale-up of production lines at the Wuxi plant in China, the Chrzanów plant in Poland, and the Martos plant in Spain.
Responsibility

Breakdown of Packaging Materials Consumption

Efforts to reduce packaging materials consumption within the Group in 2011 focused mainly on packaging reuse, with more than 1,000 metric tons of materials reused. The Group also encourages the use of recycled materials. In 2011, recycled packaging materials represented 3% of all recovered and recycled waste, corresponding to a 59% increase over 2010.

Consumption of Chlorinated Solvents and Consumption of Carcinogenic, Mutagenic and Reprotoxic (CMR) Substances

Consumption of chlorinated solvents and of carcinogenic, mutagenic and reprotoxic (CMR) substances has been on a declining trend since 2007 on account of product substitution. The Group has continued the process of eradicating all substances deemed hazardous that are used at its plants. Since 2008, the new European CLP (Classification, Labeling and Packaging) regulation, which is aligned to the GHS (Globally Harmonized System), has required that information on the evaluation of chemical risks (based on REACH registration) be included in new safety data sheets.

Water Consumption

Water consumption at Valeo’s sites dropped by 4% in absolute terms in 2011. Relative to sales, water consumption fell by an even larger 15% year-on-year. Valeo has cut its water consumption by 32% since 2009, largely exceeding the targeted 7% reduction in water consumption over the 2010-2012 period. This improvement is the result of efforts by the Group’s sites in two main areas: reduction in water consumption for manufacturing purposes, which represents 57% of total consumption, and reduction of water consumption for non-manufacturing purposes.

Sites follow a procedure that involves identifying prohibited substances, seeking out substitute products (at an acceptable price), testing them and having them approved by customers. Most of the hazardous substances still in use at Valeo’s sites are substances for which substitute products are either still undergoing approval or are currently available only at excessively high cost. Under the REACH regulation, sites must adhere strictly to the scope of application of the substances concerned as registered by manufacturers and distributors.
In 2011, the total volume of industrial effluents fell by 15% year on year and by 25% relative to sales. This decrease is related to that in water consumption resulting from various process-optimization initiatives across Group sites. Valeo’s sites measure the degree of pollution contained in their effluents by reference to various indicators, including the content of heavy metals, COD (chemical oxygen demand), BOD (biological oxygen demand) and the presence of suspended material (SM). Precision and transparency are central to the Group’s targeted reduction in effluents. In 2011, the quantity of heavy in effluents fell by 72% in absolute terms.

In 2011, the quantity of waste produced relative to sales rose by 6%. 2011 saw a decrease in the production of hazardous waste by Valeo in parallel with an increase in the proportion of recovered waste, to 83% from 82% in 2010.
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