Special report of the Board of Directors to the Ordinary and Extraordinary General Shareholders' Meeting of May 23, 2017, regarding the components of the compensation owed or awarded for the financial year ended December 31, 2016, by all companies of the Valeo group to each executive director

During its meeting of February 15, 2017, the Board of Directors, acting on the recommendation of the Compensation Committee (committee created from the split of the Appointment, Compensation and Governance Committee implemented on January 26, 20171) and in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code for listed companies, revised in November 2016 (Article 26.1) (the AFEP-MEDEF Code), to which the Company refers pursuant to Article L. 225-37 of the French Commercial Code, decided to submit to the opinion of the shareholders of Valeo S.A. (the Company or Valeo) at the General Shareholders’ Meeting of the Company called to approve the financial statements for the financial year ended December 31, 2016, and to be held on first call on May 23, 2017, the components of the compensation owed or awarded for the financial year ended December 31, 2016 by all the companies of the Valeo group to each executive director of the Company.

In accordance with the AFEP-MEDEF Code and the AFEP-MEDEF Code implementation guide of December 2016, the components of the compensation owed or awarded to each executive director and submitted to the mandatory vote of the shareholders are as follows:

- fixed compensation;
- annual variable compensation with the performance criteria for determining the amount thereof;
- exceptional compensation;
- stock options, performance shares and multi-annual variable compensation plans with the performance criteria used for determining these components of compensation;
- allowance for taking or leaving office (severance and non-competition payments);
- supplementary pension plan;
- attendance fees;
- benefits of all kinds.

In order to enlighten the shareholders’ vote, this report presents all the components of the compensation owed or awarded for the financial year ended December 31, 2016, by all the companies of the Valeo group to Pascal Colombani, in his capacity as Chairman of the Board of Directors until February 18, 2016, and to Jacques Aschenbroich, in his capacity as Chief Executive Officer until February 18, 2016, and as Chairman and Chief Executive Officer after that date.

Pascal Colombani, Chairman of the Board of Directors, having reached the age limit set out in Article 15.1 of Valeo's articles of association on October 14, 2015, has indicated to the Board of Directors that it would be the appropriate time for him to step down from his position, in view of a change of governance. At its meeting on February 18, 2016, the Board of Directors, acting on the recommendation of the Appointment, Compensation and Governance Committee, unanimously decided to combine the positions of Chairman of the Board of Directors and Chief Executive Officer and to appoint Jacques Aschenbroich as Chairman of the Board of Directors, Jacques Aschenbroich thus becoming Chairman and Chief Executive Officer.

For the avoidance of doubt, it is herein specified that the compensation of Jacques Aschenbroich set out below was determined in a manner consistent with the compensation of the Group’s senior executives who also receive variable compensation subject to meeting performance criteria tailored

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1 Since January 26, 2017, when the Appointment, Compensation and Governance Committee was split into two separate committees, namely, the Governance, Appointment and Corporate Social Responsibility Committee and the Compensation Committee, the responsibilities that were previously attributed to the Appointment, Compensation and Governance Committee relating to compensation have been managed by the Compensation Committee and those relating to appointments and governance performed by the Governance, Appointment and Corporate Social Responsibility Committee.
to their positions. They also receive performance shares each year which, for the Operations Committee members, are subject to criteria identical to those applicable to the performance shares allocated to Jacques Aschenbroich and, for the Liaison Committee members and the main direct reports of the Liaison Committee members, are submitted to similar criteria.

1. Description of the components of the compensation owed or awarded for the financial year ended December 31, 2016, by all the companies of the Valeo group to Pascal Colombani, Chairman of the Board of Directors of the Company until February 18, 2016

The compensation paid by Valeo to Pascal Colombani for his role as Chairman of the Board of Directors of the Company, which he held until February 18, 2016, for the financial year ended December 31, 2016, was determined by the Board of Directors, acting on the recommendation of the Appointment, Compensation and Governance Committee.

Pascal Colombani did not have an employment contract with the Valeo group.

It is specified that during the financial year ended December 31, 2016, Pascal Colombani did not receive any compensation of any kind and for any reason whatsoever from companies controlled by Valeo for his role as Chairman of the Board of Directors of the Company, which he held until February 18, 2016, for the financial year ended December 31, 2016.

**Fixed compensation**

The fixed compensation owed to Pascal Colombani for his role as Chairman of the Board of Directors of the Company until February 18, 2016, for the financial year ended December 31, 2016, was calculated in proportion to the duration of his office (in months) over that period. In so far as he acted as Chairman of the Board of Directors until February 18, 2016, his fixed compensation for the financial year ended December 31, 2016, amounts to €50,000.

It is specified that the Board of Directors, acting on the recommendation of the Appointment, Compensation and Governance Committee and after examining the practice of a sample of comparable companies, decided on June 8, 2011 to increase the annual fixed compensation of the Chairman of the Board of Directors to €300,000, effective as of June 1, 2011. It remained unchanged from that time until the end of his term of office.

**Other components of compensation**

No annual variable compensation, deferred variable compensation, multi-annual variable compensation or exceptional compensation was allocated to Pascal Colombani for his role as Chairman of the Board of Directors.

Pascal Colombani did not receive any attendance fees for his role as Chairman of the Board of Directors.

He was not granted any stock purchase or subscription options, performance shares or other components of long-term compensation for his role as Chairman of the Board of Directors.

He was not eligible for a supplementary pension plan for his role as Chairman of the Board of Directors.

He did not receive any allowances for taking or leaving office or a non-competition payment for his role as Chairman of the Board of Directors.

A company car for professional use and a driver employed by the Company were made available to Pascal Colombani for his role as Chairman of the Board of Directors. However, this was for professional use only and therefore did not constitute a benefit in kind. Pascal Colombani did not receive any benefits in kind.

Consequently, the shareholders are not asked to give an opinion on these other components of compensation.
As a result of the foregoing, the shareholders are asked to give a favourable opinion on the sole component of the compensation owed or awarded to Pascal Colombani by Valeo for the financial year ended December 31, 2016, for his role as Chairman of the Board of Directors, carried out until February 18, 2016, namely, the amount of his fixed compensation.

2. Description of the components of the compensation owed or awarded for the financial year ended December 31, 2016 by all the companies of the Valeo group to Jacques Aschenbroich, for his role as Chief Executive Officer of the Company until February 18, 2016, and as Chairman and Chief Executive Officer from that date

The compensation paid by Valeo to Jacques Aschenbroich for his role as Chief Executive Officer of the Company until February 18, 2016, and as Chairman and Chief Executive Officer from that date, for the financial year ended December 31, 2016, was determined by the Board of Directors, acting on the recommendation of the Appointment, Compensation and Governance Committee (or, from January 26, 2017, the Compensation Committee).

Jacques Aschenbroich does not have an employment contract with the Valeo group.

It is specified that, during the financial year ended December 31, 2016, Jacques Aschenbroich did not receive any compensation of any kind and for any reason whatsoever from companies controlled by Valeo.

**Fixed compensation**

The fixed compensation owed to Jacques Aschenbroich for the financial year ended December 31, 2016, amounts to €986,508.

It is herein specified that until February 18, 2016, the annual fixed compensation of Jacques Aschenbroich, which had been determined by the Board of Directors on June 8, 2011, acting on the recommendation of the Appointment, Compensation and Governance Committee, amounted to €900,000, with effect from June 1, 2011. It had not been modified since June 8, 2011.

In light of the combination of the roles of Chairman of the Board of Directors and Chief Executive Officer with the appointment of Jacques Aschenbroich as Chairman and Chief Executive Officer, the growth of the Valeo group since 2011 and after observing, on the basis of various comparative studies relating to the compensation of Chief Executive Officers and Chairmen and Chief Executive Officers of CAC 40 and comparable European industrial companies, that the annual fixed compensation of Jacques Aschenbroich was lower than the average fixed compensations identified from these studies, the Board of Directors, acting on the recommendation of the Appointment, Compensation and Governance Committee, decided on February 18, 2016, to increase the annual fixed compensation of Jacques Aschenbroich from €900,000 to €1,000,000 with effect from February 18, 2016. This amount remained unchanged since that date.

**Annual variable compensation**

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, €1,627,738, out of a maximum 170% of fixed compensation that such variable compensation can represent for this financial year. On February 15, 2017, the Board of Directors acknowledged that all the quantifiable and qualitative criteria as determined by the Board of Directors for Jacques Aschenbroich for the financial year ended December 31, 2016, had been satisfied for this financial year, with the exception of the qualitative criterion on the management of risks related to the ramp-up in production, taking account of order intake, new product launches and customer complaints, which was not entirely achieved given the demanding objectives linked to this growth (see summary table below).

With a view to ensuring consistency in the assessment of the performance of the Chairman and Chief Executive Officer, the quantitative and qualitative criteria selected to determine the annual
variable compensation owed to Jacques Aschenbroich for the financial year ended December 31, 2016, that were defined by the Board of Directors on February 18, 2016, acting on the recommendation of the Appointment, Compensation and Governance Committee, are identical to those defined in 2015.

These criteria, which relate to specific and pre-established objectives, are as follows:

- **for the quantifiable component**: (i) operating margin, (ii) operating cash, (iii) net income, (iv) rate of return on capital employed (ROCE) and (v) Valeo group order intake;

- **for the qualitative component**: (i) financial communication, (ii) strategic vision and (iii) risk management.

In addition to the long-term applicability of the criteria defined, the variable compensation must be consistent with the Chairman and Chief Executive Officer’s performance and with the Company’s strategy and growth. Acting on the recommendation of the Appointment, Compensation and Governance Committee, the Board of Directors therefore decided for financial year 2016 to step up (i) the already demanding target figures for each of the quantifiable criteria and (ii) the assessment of the completion of the two qualitative criteria, namely strategic vision and risk management, by adding an extra sub-criterion to each.

The maximum amount of the variable portion of the compensation for the financial year ended December 31, 2016, was set by the Board of Directors on February 18, 2016, acting on the recommendation of the Appointment, Compensation and Governance Committee, at 170% of the annual fixed compensation of Jacques Aschenbroich. The decision to set the variable component at 170% of the fixed component was made by the Board of Directors, acting on the recommendation of the Appointment, Compensation and Governance Committee on July 24, 2015, and confirmed on February 18, 2016, in light of the Company’s excellent operational performance and further to the finding based on various comparative studies relating to the compensation of Chief Executive Officers and Chairman and Chief Executive Officers of CAC 40 and comparable European industrial companies that the variable compensation of Jacques Aschenbroich was offset from the median variable compensation revealed by these studies.

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:

<table>
<thead>
<tr>
<th>Nature of the criterion</th>
<th>Maximum amount of the variable part as a % of annual fixed compensation</th>
<th>Amount of the variable part obtained as a % of annual fixed compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>Operating cash</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>Net income</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>Rate of return on capital employed (ROCE)</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td>Valeo group order intake</td>
<td>23%</td>
<td>23%</td>
</tr>
<tr>
<td><strong>Total quantifiable criteria</strong></td>
<td><strong>115%</strong></td>
<td><strong>115%</strong></td>
</tr>
</tbody>
</table>

(1) For the quantifiable criteria, the amount of the variable part obtained as a % of annual fixed compensation is identical to the maximum amount of the variable part as a % of annual fixed compensation.

(2) The amount of the variable part obtained as a % of annual fixed compensation is identical to the maximum amount of the variable part as a % of annual fixed compensation.

(3) The amount of the variable part obtained as a % of annual fixed compensation is identical to the maximum amount of the variable part as a % of annual fixed compensation.

(4) The amount of the variable part obtained as a % of annual fixed compensation is identical to the maximum amount of the variable part as a % of annual fixed compensation.
### Qualitative criteria

<table>
<thead>
<tr>
<th>Nature of the criterion</th>
<th>Maximum amount of the variable component as a % of annual fixed compensation</th>
<th>Amount of the variable component obtained as a % of the annual fixed compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial communication</strong></td>
<td></td>
<td>11% &lt;sup&gt;(6)&lt;/sup&gt;</td>
</tr>
<tr>
<td>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.</td>
<td>11% (6)</td>
<td></td>
</tr>
<tr>
<td><strong>Strategic vision</strong></td>
<td></td>
<td>22% (7)</td>
</tr>
</tbody>
</table>
| This criterion is measured based on:  
- assessment by 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 (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). | 22% (7) |  |
| **Risk management** |  | 22% (8) |
| This criterion is measured, in particular, based on:  
- the continued and intensified measures to reinforce the compliance policy;  
- the management of risks related to the ramp-up in production, taking account of order intake, new product launches and customer complaints;  
- 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). | 22% (8) |  |

#### Total qualitative criteria: 55% 50%

#### Total quantifiable and qualitative criteria: 170% 165%

(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.

(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.

### Stock purchase or subscription options, performance shares and other components of long-term compensation

On May 26, 2016, the Board of Directors, acting on the recommendation of the Appointment, Compensation and Governance Committee, decided to allot 70,974 performance shares to Jacques Aschenbroich, on the basis of the twentieth resolution approved at the General Shareholders’ Meeting of the Company held on May 26, 2016, it being specified that these rights relate to shares following the three-for-one stock split decided by the General Shareholders’ Meeting of May 26, 2016 (nineteenth resolution) and implemented by the Board of Directors on that same day. These 70,974 performance shares are valued (in compliance with IFRS standards) at €38.04 each at the granting date (overall, €2,699,850.96) corresponding to 270% of his annual fixed compensation.

The decision to set the maximum amount of the allotments of performance shares at 270% of the annual fixed compensation was made by the Board of Directors (acting on the recommendation of the Appointment, Compensation and Governance Committee) on July 24, 2015 and confirmed on
February 18, 2016, in light of the Company’s excellent operational performance and further to the finding based on various comparative studies on the compensation of Chief Executive Officers and Chairmen and Chief Executive Officers of CAC 40 and comparable European industrial companies that the variable compensation of Jacques Aschenbroich was offset from the median variable compensation (LTI) revealed by these studies.

All performance shares thus allotted to Jacques Aschenbroich are conditional upon the achievement of performance measured over the 2016, 2017 and 2018 financial years by attaining a pre-tax rate of return on assets (ROA) (excluding acquisitions), an operating margin rate and a rate of return on capital employed (ROCE). These criteria are deemed to have been met if, for each criterion, the arithmetic average over the reference period of three financial years, of the ratio between the rate effectively achieved and the target rate set by the Board of Directors at the beginning of each reference financial year, which must at least be equal to the guidance for the relevant financial year, is greater than or equal to one, it being specified that the target rate set by the Board of Directors will not be modified in the future.

For financial year 2016, the target rates set by the Board of Directors are respectively: (i) 20% for the ROA (excluding acquisitions), (ii) 7.8% for the operating margin rate and (iii) 30% for the ROCE.

Then:

- if all three criteria are met over the 2016, 2017 and 2018 financial years, all the performance shares initially allotted will vest;
- if two of the three criteria are met over the 2016, 2017 and 2018 financial years, only 60% of the performance shares initially allotted will vest and the remainder will be forfeited;
- if one of the three criteria is met over the 2016, 2017 and 2018 financial years, only 30% of the performance shares initially allotted will vest and the remainder will be forfeited;
- if none of the three criteria is met over the 2016, 2017 and 2018 financial years, none of the performance shares initially allotted will vest and all the allotted performance shares will be cancelled.

The performance shares allotted to Jacques Aschenbroich during the financial year ended December 31, 2016, represent 0.03% of the Company’s share capital as at December 31, 2016.

In addition to the achievement of performance criteria, the performance shares allotted to Jacques Aschenbroich will vest only if he is still in office as Chairman and Chief Executive Officer on the vesting date (however, the condition of presence may be waived at the Board of Directors’ discretion, unless the departure is attributable to gross negligence or wilful misconduct) or has retired.

Furthermore, the performance shares will vest after the expiration of a three-year vesting period. Jacques Aschenbroich will then have to hold the shares for two years. In addition, at the end of this two-year period, he must hold at least 50% of the vested performance shares in registered form until the end of his term of office.

Finally, in accordance with the provisions of the AFEP-MEDEF Code and the Group’s Code of Conduct, Jacques Aschenbroich shall not use hedging transactions to reduce his risk.

**Severance payment and non-competition payment**

**Severance payment**

The Board of Directors, at its meeting of February 24, 2015, acting on the recommendation of the Appointment, Compensation and Governance Committee, decided to change certain modalities of the severance payment initially granted by the Board of Directors of February 24, 2010, later renewed by the General Shareholders’ Meeting of June 8, 2011 under its twelfth resolution, in order to strengthen the demanding nature of the triggers and implementation conditions applicable to this payment.
The amendments to the severance payment had been approved as a regulated agreement referred to in Article L. 225-42-1 of the French Commercial Code by the General Shareholders' Meeting of May 26, 2015 under its fifth resolution. The amended severance payment, which had become effective on May 26, 2015, is no longer applicable since February 18, 2016.

In the context of the appointment of Jacques Aschenbroich as Chairman of the Board of Directors on February 18, 2016, when Jacques Aschenbroich became the Chairman and Chief Executive Officer of Valeo following the decision of the Board of Directors of the same day to combine the roles of Chairman of the Board of Directors and Chief Executive Officer, the latter informed the Board of Directors of his decision to waive, upon his appointment on February 18, 2016, the benefit of his severance payment. The Board of Directors acknowledged his decision on the same date. Accordingly, he is not entitled to any payments relating to severance for the financial year ended December 31, 2016.

Non-competition payment
On February 24, 2015, the Board of Directors, acting on the recommendation of the Appointment, Compensation and Governance Committee, decided to modify certain modalities of the non-competition payment initially decided by the Board of Directors on February 24, 2010 and approved by the General Shareholders' Meeting of June 3, 2010 under its eleventh resolution, later maintained as such without modification by the Board of Directors of February 24, 2011, acting on the recommendation of the Appointment, Compensation and Governance Committee.

The amended non-competition payment was approved as a regulated agreement referred to in Article L. 225-42-1 of the French Commercial Code by the General Shareholders' Meeting of May 26, 2015 under its fifth resolution. It became effective on May 26, 2015.

Should this non-competition clause be implemented by the Company, Jacques Aschenbroich would be prohibited, for 12 months after the end of his term of office as Valeo's Chief Executive Officer, regardless of the reason, to collaborate in any manner whatsoever with an automotive supplier or, more generally, with any of Valeo’s competitors.

This clause, should it be implemented, would result in the payment to Jacques Aschenbroich of a non-competition payment amounting to 12 months of compensation (calculated based on the average compensation (fixed and variable) paid during the three financial years preceding the financial year in which the departure occurs). This amount would be paid in equal monthly instalments over the entire period during which the non-competition clause would be applied.

It is specified that the Board of Directors will have to decide whether or not the non-competition agreement will be applied at the time the Chief Executive Officer leaves, in particular if he leaves the Company to claim or after having claimed his pension rights. The Company reserves the right not to implement this agreement and to waive the non-competition clause (in which case no payment will be owed).

Given the fact that Jacques Aschenbroich did not leave his office as Chief Executive Officer during the financial year ended December 31, 2016, no non-competition payment is owed to him for this financial year.

Supplementary pension plan
On April 9, 2009, the Board of Directors decided to allow Jacques Aschenbroich to benefit from the collective supplementary pension plan with defined benefits applicable to all of the Valeo group’s senior executives and governed by Article L. 137-11 of the French Social Security Code (decision implemented on October 20, 2009). To take into account the age of Jacques Aschenbroich and the fact that he benefited from no other supplementary pension plan, it was decided that a five-year seniority would be attributed to him as at the assumption of his duties.

The pension plan, which is not closed, has been effective since January 1, 2010. It was approved as a regulated agreement referred to in Article L. 225-38 of the French Commercial Code by the General Shareholders' Meeting of June 3, 2010 under its twelfth resolution, later maintained as such without any modification until February 21, 2012. Acting on the recommendation of the
Appointment, Compensation and Governance Committee, the Board of Directors, on February 21, 2012 and January 23, 2014, decided (i) to introduce a possibility of reversion in case of death of a beneficiary who was still in activity, provided the event occurred after the legal age of voluntary retirement and (ii) to adjust the supplementary pension plan to bring it in line with market practices. This adjustment, without retroactive effect, consisted in taking into account in the reference salary (calculated on the average of the last three years) the basic fixed compensation and the portion of variable compensation actually paid for the periods after February 1, 2014.

The pension plan is capped in terms of the amount (acquisition of rights corresponding to 1% of the reference salary per year of seniority, with a maximum limit of 20%) and of the basis for calculating the entitlement (the supplement, from all plans combined, is limited to 55% of the reference salary). All the Valeo group's senior executives benefited from this adjustment.

There have been no changes to Jacques Aschenbroich's pension plan since January 23, 2014.

In the context of the appointment of Jacques Aschenbroich as Chairman of the Board of Directors on February 18, 2016, when Jacques Aschenbroich became the Chairman and Chief Executive Officer of Valeo following the decision of the Board of Directors of the same day to combine the roles of Chairman of the Board of Directors and Chief Executive Officer, his supplementary pension plan has been amended, including through the addition of performance criteria, in order to comply with the provisions of Law No. 2015-990 for Growth, Activity and Equality of Economic Opportunities of August 6, 2015, known as the "Macron law". In particular, it was decided that the acquisition of conditional supplementary pension rights as part of the collective supplementary pension plan with defined benefits would be subject to a condition relating to the performance of the beneficiary, which would be satisfied if the variable compensation of the Chairman and Chief Executive Officer paid in financial year N+1 (2017) with respect to financial year N (2016) were to reach 100% of the fixed compensation owed for financial year N (2016). Failing this, the calculation of the rights allocated would be made on a pro rata basis. This amended pension plan, which was authorised by the Board of Directors on February 18, 2016, acting on the recommendation of the Appointment, Compensation and Governance Committee, was approved by the General Shareholders' Meeting of May 26, 2016 (under its fifth resolution). For financial year 2016, and specifically, for the period between February 19, 2016 and December 31, 2016, the Board of Directors of February 15, 2017, acting on the recommendation of the Compensation Committee, acknowledged that this condition had been entirely fulfilled for financial year 2016.

It is specified that the benefit of the supplementary pension plan of Jacques Aschenbroich nevertheless requires him to end his professional career within the Valeo group. In addition, all of the mandatory pension entitlements of the Chairman and Chief Executive Officer must first have been liquidated. The supplementary pension of the Chairman and Chief Executive Officer is funded by Valeo on an annual basis via the payment of premiums to the service provider responsible for managing the funds.

As at December 31, 2016, Jacques Aschenbroich's entitlement under the plan amounts to a total of €6,335,554 or an annual pension of €194,352 (the Company must pay social security contributions of 32% on the payments made).

As Jacques Aschenbroich did not draw on his pension entitlements in the course of the financial year ended December 31, 2016, no amount is owed to him for this financial year.

Benefits in kind
For the financial year ended December 31, 2016, Jacques Aschenbroich benefited from the following advantages:

- a company car, valued at €8,662;
- the Garantie Sociale des Chefs et Dirigeants d'entreprise (an unemployment insurance for company managers), valued at €7,514;
- an annual pension contribution (prévoyance), valued at €2,350.
Other components of compensation

Jacques Aschenbroich is not entitled to receive any deferred variable compensation, multi-annual variable compensation, allowance for taking office, or exceptional compensation.

He does not receive any attendance fees.

Furthermore, no stock purchase or subscription option and no other long-term components of compensation were awarded to Jacques Aschenbroich during the financial year ended December 31, 2016 (except performance shares as previously specified in this report).

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

As a result of the foregoing, the shareholders are asked to give a favourable opinion on the following components of the compensation owed or awarded to Jacques Aschenbroich by Valeo for the financial year ended December 31, 2016:

- the amount of his annual fixed compensation;
- the amount of his annual variable compensation;
- the number and accounting valuation of performance shares that were allotted to him during the financial year ended December 31, 2016;
- the value of the benefits in kind (company car, annual contribution to the Garantie Sociale des Chefs et Dirigeants d'entreprise insurance scheme and annual pension contribution) he received;
- the severance payment, the non-competition payment and the benefit of the pension plan granted to him, it being specified that no compensation in relation to those compensation components was owed during the financial year ended December 31, 2016.
Summary tables of the components of compensation of the executive directors

1. Components of the compensation owed or awarded by all Valeo group companies for the financial year ended December 31, 2016, to Pascal Colombani, Chairman of the Board of Directors until February 18, 2016

<table>
<thead>
<tr>
<th>Compensation owed or awarded for the financial year ended</th>
<th>Amount or accounting valuation subject to a vote</th>
<th>Shareholders’ opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed compensation</td>
<td>€50,000</td>
<td>Shareholders are asked to give a favourable opinion on the amount of the fixed compensation owed to Pascal Colombani for his role as Chairman of the Board of Directors for the financial year ended December 31, 2016, namely until February 18, 2016.</td>
</tr>
</tbody>
</table>

2. Components of the compensation owed or awarded by all Valeo group companies for the financial year ended December 31, 2016, to Jacques Aschenbroich, Chief Executive Officer of the Company until February 18, 2016, and Chairman and Chief Executive Officer from that date

<table>
<thead>
<tr>
<th>Compensation owed or awarded for the financial year ended</th>
<th>Amount or accounting valuation subject to a vote</th>
<th>Shareholders’ opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed compensation</td>
<td>€986,508</td>
<td>Shareholders are asked to give a favourable opinion on the amount of the fixed compensation owed to Jacques Aschenbroich for the financial year ended December 31, 2016 for his role of Chief Executive Officer until February 18, 2016, and of Chairman and Chief Executive Officer after that date.</td>
</tr>
<tr>
<td>Annual variable compensation</td>
<td>€1,627,738</td>
<td>Shareholders are asked to give a favourable opinion on the amount of annual variable compensation owed to Jacques Aschenbroich for the financial year ended December 31, 2016 for his role of Chief Executive Officer until February 18, 2016, and of Chairman and Chief Executive Officer after that date.</td>
</tr>
<tr>
<td>Stock options, performance shares or any other component of long-term compensation</td>
<td>70,974 performance shares, valued according to the IFRS standards, at €38.04 each</td>
<td>Shareholders are asked to give a favourable opinion on the number (70,974) and the accounting valuation (i.e. €38.04 per share according to IFRS standards) of the performance shares allotted to Jacques Aschenbroich for the financial year ended December 31, 2016 for the role of Chief Executive Officer until February 18, 2016, and of Chairman and Chief Executive Officer after that date.</td>
</tr>
<tr>
<td>Value of benefits in kind</td>
<td>Company car, valued at €8,662</td>
<td>Shareholders are asked to give a favourable opinion on the valuation of this benefit in kind granted to Jacques Aschenbroich for the financial year</td>
</tr>
<tr>
<td>Compensation owed or awarded for the financial year ended</td>
<td>Amount or accounting valuation subject to a vote</td>
<td>Shareholders' opinion</td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td>--------------------------------------------------</td>
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</tr>
<tr>
<td></td>
<td>ended December 31, 2016 for the role of Chief Executive Officer until February 18, 2016, and of Chairman and Chief Executive Officer after that date.</td>
<td></td>
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<tr>
<td>Annual contribution to the <em>Garantie Sociale des Chefs et Dirigeants d'entreprise</em> insurance scheme, valued at €7,514</td>
<td>Shareholders are asked to give a favourable opinion on the valuation of this benefit in kind granted to Jacques Aschenbroich for the financial year ended December 31, 2016 for the role of Chief Executive Officer until February 18, 2016, and of Chairman and Chief Executive Officer after that date.</td>
<td></td>
</tr>
<tr>
<td>Annual pension contribution, valued at €2,350</td>
<td>Shareholders are asked to give a favourable opinion on the value of this benefit in kind granted to Jacques Aschenbroich for the financial year ended December 31, 2016 for the role of Chief Executive Officer until February 18, 2016, and of Chairman and Chief Executive Officer after that date.</td>
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<tr>
<td>Severance payment, non-competition payment and pension plan</td>
<td>No compensation in relation to those compensation components was owed during the financial year ended December 31, 2016</td>
<td>Shareholders are asked to give a favourable opinion on the non-competition payment and the benefit of the pension plan granted to Jacques Aschenbroich for the financial year ended December 31, 2016 for the role of Chief Executive Officer until February 18, 2016, and of Chairman and Chief Executive Officer after that date, it being specified that no compensation in relation to those compensation components is owed for the financial year ended December 31, 2016. The Chairman and Chief Executive Officer waived the benefits of his severance payment on February 18, 2016.</td>
</tr>
</tbody>
</table>