2018
NOTICE OF MEETING
Combined Shareholders’ Meeting

Wednesday May 23, 2018, 2:30 p.m.
at Pavillon Vendôme
362-364, avenue Saint-Honoré, 75001 Paris

Permanent magnet synchronous motor (85 kW)
Valeo Siemens eAutomotive technology

SMART TECHNOLOGY FOR SMARTER CARS
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For any information about your participation in the Shareholders’ Meeting, please contact your bank or call the toll-free number 0800 814 045 (free from a land line in France) or +33 (01) 40 55 20 39 from outside France, or send an email to the following address: valeo@relationsactionnaires.com.

On our website www.valeo.com, you can find the Notice of Meeting, the number of voting rights at the date the Notice of Meeting was published (March 30, 2018), all documents to be presented to the Shareholders’ Meeting, the Registration Document, the postal and proxy voting form, any points required by shareholders to be recorded on the agenda and any draft resolutions presented by shareholders.
MESSAGE FROM JACQUES ASCHENBROICH, Chairman and Chief Executive Officer

— TECHNOLOGICAL INNOVATION,
GROWTH AND FINANCIAL PERFORMANCE

2017, A SOLID YEAR IN A COMPLEX ECONOMIC ENVIRONMENT

Valeo’s very strong results in 2017 once again demonstrate the relevance of our growth model, and I would like to thank the Valeo teams for their commitment and professionalism.

Our results were achieved amid a more complex economic environment, shaped in particular by the rise in the value of the euro and in raw material prices in 2017. Against this background, our sales rose 12%, and our original equipment sales climbed 7% on a like-for-like basis outpacing global automotive production by 5 percentage points. This growth was accompanied by a 15% increase in our gross margin, an 11% rise in our operating margin, and an 8% improvement in net income excluding non-recurring items.

Valeo’s structure also evolved significantly in 2017. At the start of the year we were pleased to welcome Ichikoh’s teams to the Group. In light of our 2017 results, which were better than expected, the entity’s integration can be considered a success. In addition, FTE automotive was acquired and Valeo-Kapec was created at the end of the year.

2017 was also marked by our very high order intake. The Group is continuing to invest in the major automotive industry trends – powertrain electrification and the autonomous vehicle. Order intake hit another record at 27.6 billion euros, up 17% on 2016, with innovative products accounting for 50% of the total. On top of this order intake, the Valeo Siemens eAutomotive joint venture specializing in high-voltage electric powertrain technologies recorded 6.1 billion euros in order intake in 2017 and a cumulative 10 billion euros at end-February 2018, evenly distributed between Europe and China. These commercial successes once again reflect Valeo’s excellent positioning on the fast-growing markets of hybrid and electric vehicles, and autonomous vehicles and justify our sustained investment in R&D and production capacity.

Based on these excellent results, at the next Shareholders’ Meeting, shareholders will be asked to vote on the payment of a dividend of 1.25 euros per share, corresponding to a payout ratio of 34%, up a slight 2 percentage points.

STRONG GROWTH OUTLOOK IN THE AREAS OF HYBRID AND ELECTRIC VEHICLES, AND AUTONOMOUS VEHICLES

In 2018, we are expecting another year of strong sales growth, of around 8%.

Like-for-like original equipment sales are expected to grow by around 5% in 2018 and accelerate in the second half ahead of expected double-digit growth in 2019.

In 2018, this growth should enable us to achieve an operating margin in line with 2017, despite the recent rise in raw material prices and in the euro.

In addition, the Valeo Siemens eAutomotive joint venture, which is currently bearing the costs required to push ahead with development projects resulting from its extremely high order intake and set up its organization to accommodate its very fast-paced expansion, will temporarily have a slightly negative impact on Valeo’s results.

By 2022, the commercial successes recorded by Valeo Siemens eAutomotive in high-voltage hybrid and electric vehicles should enable it to generate sales of over 2 billion euros and achieve a similar margin to that of Valeo.

Valeo is at the center of the three technological revolutions – electrification, the autonomous vehicle and digital mobility. Thanks to its excellent positioning in each of these revolutions, Valeo has become a growth stock. Our strategy will continue to focus on growth and profitability, as well as strengthening our commitment to sustainable development.

March 29, 2018

(2) Including share in net earnings of equity-accounted companies, see Financial Glossary, page 13.
(3) Net attributable income (see Financial Glossary, page 13), excluding a 177 million euro non-recurring expense relating to the decline in value of deferred tax assets, proportional to the decrease in the US corporate income tax rate.
(4) See Financial Glossary, page 13, excluding Valeo Siemens eAutomotive.
(5) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive, FTE automotive and Valeo-Kapec.
(6) Assuming that global automotive production increases by 1.5% and raw material prices and exchange rates remain in line with current levels.
(7) Operating margin (as a % of sales) excluding share in net earnings of equity-accounted companies.
(8) Accordingly, the “Share in net earnings of equity-accounted companies” caption will have an impact of around -0.2 points on Valeo’s statement of income in 2018.
(9) EBITDA margin (as a % of sales), see Financial Glossary, page 13.
Conditions

To be able to attend the Meeting, you must ensure that your shares have been recorded by midnight (Paris time) on the second business day preceding the Meeting, i.e. by 12:00 a.m. (Paris time) on May 21, 2018:

- in the registered shareholder account managed by the Company, if the shares are registered in your name;
- or in the share account managed by a financial intermediary on your behalf if your shares are bearer shares. This will then be certified by a share ownership certificate (attestation de participation) issued by the intermediary. This certificate should be attached to the voting form enclosed with this Notice of Meeting.

A certificate will also be issued to you if you wish to attend the Shareholders’ Meeting in person and have not received your admission card by 12:00 a.m. (Paris time) on May 19, 2017 (see next page).

Shareholders are entitled to sell all or part of their shares at any time.

However, only shareholders whose shares have been recorded in an account by the second business day preceding the Shareholders’ Meeting, i.e. by 12:00 a.m. (Paris time) on May 21, 2018, are entitled to vote at the Shareholders’ Meeting. If shares are sold before this date, the share ownership certificate will be deemed invalid to the extent of the shares sold and the votes attached to these shares will not be taken into account.

How to vote?

There are four ways to exercise your voting rights, which are discussed below in more detail:

1. attend the Shareholders’ Meeting in person;
2. cast a postal vote;
3. grant proxy to the Chairman;
4. grant proxy to a third party (spouse, civil-union partner, or any other person).

No electronic voting system shall be provided and, consequently, no website provided for pursuant to article R. 225-61 of the French Code de commerce will be set up.

Decide how you want to vote as soon as possible using the voting form enclosed with this Notice of Meeting and based on the procedures set out below.

The Company is no longer obliged to take into account voting forms received after May 19, 2018.

Electronic notification of proxies for which confirmation has not been received by 3:00 p.m. (Paris time) on May 22, 2018 will not be taken into account.
HOW TO PARTICIPATE IN THE SHAREHOLDERS’ MEETING?

1. If you wish to attend the Shareholders’ Meeting in person

If you wish to attend the Shareholders’ Meeting in person, you must first request an admission card. Simply check box A at the top of the voting form, date and sign the bottom of the form, and enter your surname, first name and address or, if these already appear on the form, make sure they are correct.

- If you hold registered shares, send your request with the prepaid envelope attached to the convening form.
- If you hold bearer shares, ask the bank holding your shares to arrange for an admission ticket to be sent to you by Société Générale.

The request must be sent as early as possible so that it is received by Société Générale no later than May 17, 2018. Your admission card will have to be shown to enable you to enter the Meeting. If you have not received the card that you have requested three days before the Shareholders’ Meeting, please call the admission card information center of Société Générale, at 0 825 315 315 (€ 0.15/min from a land line in France), open from 8:30 a.m. to 6:00 p.m.

2. If you do not wish to attend the Shareholders’ Meeting in person

If you are not attending the Shareholders’ Meeting in person, you may choose one of the three following possibilities to cast your vote. You may not, by any means, cast a postal vote and give a proxy at the same time. You will have to choose between one form of participation and another.

A. If you want to cast a postal vote

Check the box “I VOTE BY POST” of the voting form, and indicate how your vote should be cast:

- for the draft resolutions presented or approved by the Board of Directors (resolutions 1 to 13 – box A): leave blank the boxes corresponding to the resolutions for which you wish to vote YES, black out the boxes corresponding to the resolutions for which you wish to vote NO or abstain (abstentions count as a NO vote);
- for the draft resolutions not approved by the Board of Directors, if any, (box B), black out box YES or box NO/Abstain for each resolution, as appropriate;
- for any amendments to resolutions or new resolutions submitted to the Meeting, do not forget to check one of the options offered in box C so that your view is taken into account in the quorum and in the vote: for these resolutions, you may give your proxy to the Chairman of the General Meeting, you can abstain or give your proxy to another person. In the latter case, do not forget to state the name of your representative.

B. If you want to give a proxy to the Chairman

Check the box “I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE GENERAL MEETING” of the voting form.

Simply date and sign the voting form in the red box at the bottom.

In this case, your vote will be in favour of all resolutions presented to the Shareholders’ Meeting or approved by the Board of Directors (resolutions 1 to 13) and against all other resolutions not approved by the Board of Directors.

C. If you want to give a proxy to a third party

Check the box “I HEREBY APPOINT” of the voting form and state the name and the address of the person who will be present at the Shareholders’ Meeting and voting for you.

Shareholders may now appoint their proxy by e-mail (see the instructions page 6).

Do not forget to write your surname, first name and address in the bottom right-hand corner of the voting form, or if these details already appear on the form, to make sure they are correct, and to date and sign the red box provided to this effect.

If you own registered shares, send the form using the prepaid envelope included in this mail.

If you hold bearer shares, send the form to the bank holding your shares as soon as possible so that said bank may send the form to Société Générale (Service des Assemblées, CS 30812, 44308 Nantes Cedex 3), together with a participation certificate, before the date mentioned below.

The Company is no longer obliged to take into account voting forms received after May 19, 2018.
HOW TO PARTICIPATE IN THE SHAREHOLDERS’ MEETING?

If your shares are bearer shares, send the form to the bank holding your shares in order that your instructions are taken in account.

If you choose to vote by mail, tick here and fill in boxes a, b and c.

If you wish to vote by mail, enter your last name, first name and address or check them if they have already been entered.

Whatever your choice, please date and sign here.

You are invited to choose one option, failing which your shares will not be taken in account for the calculation of the quorum and the vote.

You will not attend the Meeting and you wish to appoint a named person as proxy who will be present at the Meeting: tick here and enter the details of the person concerned.

You will not attend the Meeting and you wish to appoint the chairman of the Meeting as your proxy: tick here, date and sign the bottom of the form.

You will not attend the Meeting and you wish to vote by mail: tick here and fill in boxes a, b and c.

You wish to attend the Meeting: tick A.

You are invited to choose one option, failing which your shares will not be taken in account for the calculation of the quorum and the vote.

If you choose to vote by mail, tick here and fill in boxes a, b and c.

If you wish to vote by mail, enter your last name, first name and address or check them if they have already been entered.

Whatever your choice, please date and sign here.

You are invited to choose one option, failing which your shares will not be taken in account for the calculation of the quorum and the vote.

If you choose to vote by mail, tick here and fill in boxes a, b and c.

If you wish to vote by mail, enter your last name, first name and address or check them if they have already been entered.

Whatever your choice, please date and sign here.

You are invited to choose one option, failing which your shares will not be taken in account for the calculation of the quorum and the vote.

If you choose to vote by mail, tick here and fill in boxes a, b and c.

If you wish to vote by mail, enter your last name, first name and address or check them if they have already been entered.

Whatever your choice, please date and sign here.
HOW TO PARTICIPATE IN THE SHAREHOLDERS’ MEETING?

If you want to appoint/revoke a proxy by e-mail

**Holders of registered shares**
Send an e-mail bearing an electronic signature certified by a legally accredited body to actionnaires.groups@valeo.com. The e-mail must contain the following information:
- Valeo Shareholders’ Meeting of May 23, 2018;
- your surname, first name, address and Société Générale number (which you will find in the top left-hand corner of your bank statement) or bank details if your shares are registered and administered by another bank;
- the surname, first name and address of your proxy.

**Holders of bearer shares**
Send an e-mail bearing an electronic signature certified by a legally accredited body to actionnaires.groups@valeo.com. The e-mail must contain the following information:
- Valeo Shareholders’ Meeting of May 23, 2018;
- your surname, first name, address and full bank details;
- the surname, first name and address of your proxy.
You must also ask the financial intermediary handling the management of your share account to send written confirmation to Société Générale, Service des Assemblées, CS 30812, 44308 Nantes Cedex 3, France.

The same procedure applies if you wish to revoke your proxy.

To be valid, confirmation of proxies appointed/revoked must be received by Société Générale by 3:00 p.m. (Paris time) on May 22, 2018.
Agenda for the Ordinary General Shareholders’ Meeting

1. Approval of the parent company financial statements for the financial year ended December 31, 2017;
2. Approval of the consolidated financial statements for the financial year ended December 31, 2017;
3. Allocation of earnings for the financial year ended December 31, 2017 and setting of the dividend;
4. Approval of agreements and undertakings governed by Articles L. 225-38 et seq. of the French Commercial Code;
5. Ratification of co-optation of Bruno Bézard as Director;
6. Renewal of Bruno Bézard’s term of office as Director;
7. Renewal of Noëlle Lenoir’s term of office as Director;
8. Appointment of Gilles Michel as Director;
9. Approval of the compensation components paid or allocated to the Chairman and Chief Executive Officer for the financial year ended December 31, 2017;
10. Approval of the compensation policy applicable to the Chairman and Chief Executive Officer;
11. Authorisation to the Board of Directors to carry out transactions in shares issued by the Company.

Agenda for the Extraordinary General Shareholders’ Meeting

12. Authorisation to the Board of Directors to allocate existing shares or shares to be issued free of charge to Group employees and corporate officers or a subset thereof, with automatic waiver from the shareholders of their preferential subscription right;
13. Powers to complete formalities.
Summary of the Group’s financial results and position

2017, a solid year in a complex economic environment

Valeo’s very strong results in 2017 once again demonstrate the relevance of the Group’s growth model. They were achieved amid more complex economic conditions, shaped in particular by the rise in the value of the euro and in raw material prices. The very high order intake, both for Valeo (27.6 billion euros) and for the Valeo Siemens eAutomotive joint venture (6.1 billion euros in 2017 and a cumulative 10 billion euros at end-February 2018), confirms the Group’s excellent positioning on the fast-growing markets of hybrid and electric vehicles and autonomous vehicles and justifies its sustained investment in R&D and in production capacity.

Valeo’s structure also evolved significantly in 2017 – the Group was pleased to welcome Ichikoh’s teams at the start of the year and the teams of FTE automotive and Valeo-Kapec at the end of the year.


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(1) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive, FTE automotive and Valeo-Kapec.
2017 consolidated results (condensed presentation)

At its meeting on February 22, 2018, Valeo’s Board of Directors approved the consolidated and parent company financial statements for the year ended December 31, 2017, audited and certified without reserve by the Statutory Auditors:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in millions of euros)</td>
<td>(in millions of euros)</td>
<td></td>
</tr>
<tr>
<td>R&amp;D expenditure, net</td>
<td>(956)</td>
<td>(1,130)</td>
<td>+18%</td>
</tr>
<tr>
<td>(as a % of sales)</td>
<td>-5.8%</td>
<td>-6.1%</td>
<td>-0.3 pts</td>
</tr>
<tr>
<td>Order intake(1) (excluding Valeo Siemens eAutomotive)</td>
<td>23.6</td>
<td>27.6</td>
<td>+17%</td>
</tr>
<tr>
<td>(in billions of euros)</td>
<td>N/A</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>16,519</td>
<td>18,550</td>
<td>+12% (+7%)</td>
</tr>
<tr>
<td>(in millions of euros)</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Original equipment sales</td>
<td>14,403</td>
<td>16,120</td>
<td>+12% (+7%)</td>
</tr>
<tr>
<td>Outperformance**</td>
<td>8 pts</td>
<td>5 pts</td>
<td>-3 pts</td>
</tr>
<tr>
<td>Gross margin</td>
<td>3,020</td>
<td>3,474</td>
<td>+15%</td>
</tr>
<tr>
<td>(as a % of sales)</td>
<td>18.3%</td>
<td>18.7%</td>
<td>+0.4 pts</td>
</tr>
<tr>
<td>Operating margin (excluding share in net earnings of equity-accounted companies)</td>
<td>1,273</td>
<td>1,455</td>
<td>+14%</td>
</tr>
<tr>
<td>(in millions of euros)</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Share in net earnings of equity-accounted companies</td>
<td>61</td>
<td>22</td>
<td>-64%</td>
</tr>
<tr>
<td>(in millions of euros)</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Operating margin(2)</td>
<td>1,334</td>
<td>1,477</td>
<td>+11%</td>
</tr>
<tr>
<td>(as a % of sales)</td>
<td>8.1%</td>
<td>8.0%</td>
<td>-0.1 pt</td>
</tr>
<tr>
<td>Net attributable income</td>
<td>925</td>
<td>886</td>
<td>-4%</td>
</tr>
<tr>
<td>(in millions of euros)</td>
<td>5.6%</td>
<td>4.8%</td>
<td>-0.8 pts</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>3.91</td>
<td>3.72</td>
<td>-5%</td>
</tr>
<tr>
<td>Basic earnings share (excluding non-recurring items, o/w a €117 million expense relating to the decline in value of deferred tax assets)</td>
<td>3.98</td>
<td>4.37</td>
<td>+10%</td>
</tr>
<tr>
<td>(in euros)</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>ROCE(3)</td>
<td>34%</td>
<td>30%</td>
<td>-4 pts</td>
</tr>
<tr>
<td>ROA(3)</td>
<td>2%</td>
<td>19%</td>
<td>-2 pts</td>
</tr>
<tr>
<td>EBITDA(3)</td>
<td>2,144</td>
<td>2,436</td>
<td>+14%</td>
</tr>
<tr>
<td>(as a % of sales)</td>
<td>13.0%</td>
<td>13.7%</td>
<td>+0.7 pt</td>
</tr>
<tr>
<td>Free cash flow(3)</td>
<td>661</td>
<td>278</td>
<td>N/A</td>
</tr>
<tr>
<td>Cash conversion rate(3)</td>
<td>31%</td>
<td>11%</td>
<td>N/A</td>
</tr>
<tr>
<td>Net debt(3)</td>
<td>537***</td>
<td>1,852</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Like for like (constant Group structure and exchange rates)(3).
** Based on LMC automotive production estimates released on February 8, 2018.
*** Net debt shown for 2017 differs from the amount presented in the 2016 consolidated financial statements published in February 2017 since it has been adjusted to reflect the impacts of acquiring a stake in CloudMade as well as the impacts of finalizing the allocation of goodwill to Spheros.
(2) Including share in net earnings of equity-accounted companies, see Financial Glossary, page 13.
(3) Conversion of EBITDA into free cash flow.

Rise in the order intake

The year-on-year rise in the order intake in 2017 confirms the Group’s ability to deliver structural growth ahead of global automotive production:
- The order intake (excluding Valeo Siemens eAutomotive) jumped 17% to 27.6 billion euros, versus 23.6 billion euros in 2016;
- The order intake for Valeo Siemens eAutomotive came in at 6.1 billion euros in 2017 and a cumulative 10 billion euros at end-February 2018.

The order intake (excluding Valeo Siemens eAutomotive) remained well-balanced across the Group’s different regions:
- 40% in Asia: China accounted for 27% of the order intake, of which 38% of orders were booked with local Chinese automakers,
- 42% in Europe (and Africa);
- 16% in North America.

In all, 50% of the order intake related to innovative products(4), confirming the successful positioning of Valeo’s new technologies and products in the CO2 emissions reduction and intuitive driving segments.

(4) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive, FTE automotive and Valeo-Kapec.
Sales growth

Sales for full-year 2017 climbed 12% as reported, or 7% like for like(1). Changes in exchange rates had a negative 1.1% impact over the year, primarily due to the rise in the value of the euro against the US dollar, Chinese renminbi and Japanese yen. Changes in Group structure had a positive 6.8% impact over the year. Ichikoh, FTE automotive and Valeo-Kapec contributed 909 million, 86 million and 42 million euros, respectively, to consolidated sales in 2017.

Original equipment sales climbed 7% like for like after taking into account the negative 0.9 percentage point impact resulting from the decline in Hyundai’s sales in China as from the second quarter. This growth reflects:
- an improved product mix resulting from technological innovations for CO2 emissions reduction and intuitive driving;
- Valeo’s favorable customer and geographic positioning.

In 2017, the Group outperformed global automotive production by 5 percentage points:
- in Europe (including Africa), like-for-like original equipment sales rose 6%, outpacing automotive production by 3 percentage points. Excluding Russia, the outperformance was around 4 percentage points;
- in China, like-for-like original equipment sales moved up 17%, outpacing automotive production by 15 percentage points;
- in Asia excluding China, like-for-like original equipment sales were up 4%, on a par with automotive production. The Group’s performance in South Korea was particularly impacted (negative impact of 15.4 percentage points of growth) due to the Group’s exposure to South Korean customers, given the difficult geopolitical climate between China and South Korea. The Group’s performance in Japan was affected by the drop in Nissan’s sales in the fourth quarter;
- in North America, like-for-like original equipment sales advanced 4%, outpacing automotive production by 8 percentage points;
- in South America, like-for-like original equipment sales climbed 16%, underperforming automotive production by 6 percentage points.

Aftermarket sales rose by 4% over the year on a like-for-like basis.

Balanced geographic alignment of businesses

Taking account of the acquisitions carried out in 2017, year-on-year changes in the share of original equipment sales in the four main production regions were as follows:
- a rise of 4 percentage points for Asia, accounting for 30% of original equipment sales;
- a fall of 3 percentage points for Europe, accounting for 47% of original equipment sales;
- a fall of 1 percentage point for North America, accounting for 21% of original equipment sales;
- stability for South America, accounting for 2% of original equipment sales.

Balanced customer portfolio

Taking account of the acquisitions carried out in 2017, year-on-year changes in the share of original equipment sales among the Group’s customers were as follows:
- a rise of 6 percentage points for Asian customers, accounting for 33% original equipment sales after taking control of Ichikoh on February 1st and the creation of Valeo-Kapec, consolidated by global integration on December 1st;
- a fall of 2 percentage points for German customers, accounting for 28% of original equipment sales;
- a fall of 3 percentage points for American customers, accounting for 19% of original equipment sales;
- a fall of 1 percentage point for French customers(2), accounting for 14% of original equipment sales.

Growth in original equipment sales outpaces automotive production in all four Business Groups

The sales performance for the Business Groups reflects the specific product, geographic and customer mix and the relative weighting of the aftermarket in their activity as a whole.

In 2017, like-for-like growth in original equipment sales outpaced automotive production in all Business Groups:
- the Powertrain Systems Business Group reported like-for-like growth in original equipment sales of 4% over the year, after taking into account the negative 4.6 percentage point impact resulting from the tense geopolitical context between China and South Korea;
- the Comfort & Driving Assistance, Thermal Systems, and Visibility Systems Business Groups turned in similar performances, with like-for-like original equipment sales up 6%, 9%, and 7%, respectively, reflecting the market’s keen interest in intuitive driving, CO2 emissions reduction and LED lighting technologies. Sales for the Visibility Systems Business Group, which surged 25%, include the contribution of Ichikoh, which has been fully consolidated in Valeo’s consolidated financial statements since February 1, 2017.

(1) See Financial Glossary, page 13
(2) Including Opel.

Notice of meeting Valeo — 2018

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Results

Operating margin at 8% of sales

Gross margin widened 15% to 3,474 million euros, or 18.7% of sales. This 0.4 percentage point rise on 2016 reflects:

- continued growth (positive 0.5 percentage point impact), including price and volume effects;
- operational efficiency (positive 0.2 percentage point impact);
- a rise in depreciation relating to the capital investments carried out by the Group over the past few years (negative 0.2 percentage point impact);
- changes in Group structure, mainly related to the acquisition of Ichikoh, and exchange rates (negative 0.1 percentage point impact).

Valeo continued its Research and Development efforts to enhance its product portfolio amid sharp growth in the order intake and to respond to the twin challenges of powertrain electrification and intuitive and autonomous driving:

- gross Research and Development expenditure was up 19% to 1,895 million euros, representing almost 12% of original equipment sales;
- net Research and Development expenditure rose 18% to 1,130 million euros, or 6.1% of sales (up 0.3 percentage points on 2016).

General, administrative and selling expenses came out at 4.8% of sales, stable versus 2016.

The share in net earnings of equity-accounted companies was 22 million euros, or 0.1% of sales, down 0.3 percentage points on 2016. This decrease primarily reflects the share in net earnings of Valeo Siemens eAutomotive, which is bearing the costs required to push ahead with ongoing projects resulting from its 6.1 billion euro order intake in 2017 and set up its organization to accommodate its fast-paced expansion going forward.

Operating margin\(^{(1)}\) moved up 11% to 1,477 million euros. The margin represents 8.0% of sales, down 0.1 percentage points on 2016 after taking account of the share in net earnings of Valeo Siemens eAutomotive.

Operating income\(^{(2)}\) rose 8% to 1,410 million euros, or 7.6% of sales (down 0.3 percentage points on 2016). Operating income includes other income and expenses, representing a net expense of 67 million euros in 2017.

The cost of net debt totaled 73 million euros, down 12% on 2016. The effective tax rate rose to 26%, reflecting a 117 million euro non-recurring expense relating to the decline in value of deferred tax assets, proportional to the decrease in the US corporate income tax rate.

Net attributable income rose 8% to 1,003 million euros, or 5.4% of sales (down 0.2 percentage points versus 2016) excluding a 117 million euro non-recurring expense relating to the decline in value of deferred tax assets, proportional to the decrease in the US corporate income tax rate. Including this non-recurring expense, net income fell 4% to 886 million euros, or 4.8% of sales.

Return on capital employed (ROCE\(^{(2)}\)) and return on assets (ROA\(^{(2)}\)) stood at 30% and 19%, respectively.

Consolidated EBITDA\(^{(2)}\) up 14% to 13.1% of sales

EBITDA margin for the Comfort & Driving Assistance Systems and Powertrain Systems Business Groups contracted slightly, to 14.5% and 13.2%, respectively (down 0.2 and 0.1 percentage points compared to 2016), following an increase in net Research and Development expenditure (to 11% and 5% of sales, respectively).

The Visibility Systems Business Group saw its EBITDA margin narrow 0.7 percentage points to 13.2% of sales. The decrease is chiefly due to the consolidation of Ichikoh as from February 1, 2017.

Thanks to strong sales growth and the turnaround in operations at a plant in North America, the Thermal Systems Business Group’s EBITDA margin improved by 0.8 percentage points year on year to 10.8% of sales.

Cash flow and financial position

The Group generated free cash flow\(^{(2)}\) of 278 million euros in 2017, chiefly reflecting:

- a 14% increase in EBITDA\(^{(2)}\) to 2,436 million euros;
- a 19 million euro positive impact from the change in working capital;
- a significant 40% increase in investment outflows to 1,745 million euros on the back of a sharp increase in the order intake and in order to secure an acceleration in the Group’s future growth;
- outflows in an amount of 167 million euros, including in particular restructuring costs and non-recurring payments relating to antitrust investigations.

In 2017, net cash flow\(^{(2)}\) amounted to a negative 792 million euros and included:

- 63 million euros in net financial expenses paid, and
- other financial items totaling 1,007 million euros, mainly including a 537 million euro net outflow relating to changes in scope and a 317 million euro disbursement reflecting dividend payments.

\(^{(1)}\) Including share in net earnings of equity-accounted companies, see Financial Glossary, page 13.
VALEO IN 2017

Net debt(1) stood at 1,852 million euros at December 31, 2017, up 1,315 million euros compared with end-December 2016, after taking into account the consolidation of Ichikoh, the acquisition of FTE automotive, and the creation of Valeo-Kapec, as well as dividend payments.

2017 highlights

Following a takeover bid that ran from November 24, 2016 to January 12, 2017, Valeo held 55.08% of Ichikoh’s capital and therefore took control of Japan’s leading automotive lighting company, which remains listed on the Tokyo Stock Exchange.

On February 15, 2017, Valeo acquired 33% of the share capital of Kuantic.

On February 28, 2017, Valeo acquired the entire share capital of gestigon, a German start-up specialized in developing 3D image processing software for the vehicle cabin. This acquisition provides a solution to the need to develop simple, intuitive and effective human-machine interfaces (HMIs) in a hyper-connected world.

On June 14, 2017, Valeo announced that it had launched Valeo.ai, the first global research center specializing in artificial intelligence and deep learning for automotive applications.

On July 5, 2017, Valeo entered into a cooperation agreement with Cisco to develop strategic innovations in smart mobility services. Cyber Valet Services, the result of this collaboration, was unveiled at this year’s Viva Technology event in Paris. This unique solution now enables vehicles equipped with Valeo Park4U™ Auto technology to park safely and autonomously, i.e., without a driver on board, in connected car parks.

On October 31, 2017, after having received clearance from the European Commission and Turkish antitrust authorities, Valeo finalized its acquisition of FTE automotive, a leading producer of actuators. FTE automotive’s product portfolio and customer base are highly complementary to Valeo’s. The acquisition will enable Valeo to expand its offering of active hydraulic actuators, a strategic and fast-growing market that has benefited from the rise of hybrid and electric vehicles.

On November 30, 2017, having obtained the necessary regulatory approvals, Valeo confirmed that it had created Valeo-Kapec with its longstanding South Korean partner PHC Group. Valeo-Kapec is set to become the world leader in torque converters for automatic and continuously variable transmissions. The new company will capitalize on both partners’ strong geographic, product and business complementarity to create purchasing, industrial and above all R&D synergies.

On December 11, 2017, Valeo confirmed it had invested 375 million Chinese renminbi (around 50 million euros) in the Cathay CarTech fund – the first renminbi-denominated fund launched by Cathay Capital – with a view to investing in China’s highly dynamic automotive and mobility ecosystem. Together with another cornerstone investor, Yangtze River Industry Fund, and other investors, Cathay CarTech will focus on China and expects to invest up to 1.5 billion Chinese renminbi (around 200 million euros) in innovative companies and start-ups.

Subsequent events

On March 7, 2018, Valeo entered into an agreement with an Investment Services Provider to buy back Valeo shares, within the limit of 100 million euros, which will be fully allocated to cover the implementation of stock option purchase plans, performance share plans and Company savings plans, as well as the allotment of shares to employees.

The leverage ratio (net debt/EBITDA) came out at 0.76x EBITDA and the gearing ratio (net debt/shareholders’ equity excluding non-controlling interests) stood at 42% of equity.

The average maturity of gross long-term debt fell to 4.8 years at December 31, 2017, from 5.8 years at December 31, 2016.

Outlook

Based on the following assumptions:
- an increase in global automotive production of 1.5% in 2018;
- raw material prices and exchange rates in line with current levels.

The Group has set the following objectives:
- nominal sales growth of around 8% for 2018;
- in 2018, like-for-like growth in original equipment sales of around 5%, accelerating in the second half ahead of expected double-digit growth in 2019;
- in 2018, operating margin excluding share in net earnings of equity-accounted companies (as a % of sales) in line with 2017, despite the recent rise in (i) raw material prices and (ii) the value of the euro against the main currencies to which the Group is exposed.

Due to the creation of Valeo Siemens eAutomotive, the “Share in net earnings of equity-accounted companies” caption will have an impact of around -0.2 points on Valeo’s statement of income in 2018. By 2022, Valeo Siemens eAutomotive should be delivering sales of more than 2 billion euros and a similar EBITDA margin (as a % of sales) to that of Valeo. The order intake in 2017 amounted to 6.1 billion euros and to 10 billion euros in cumulative order intake as at end of February 2018.

Dividend increase in 2017

At the next Shareholders’ Meeting, the Board of Directors of Valeo will ask shareholders to vote on the payment of a dividend of 1.25 euros per share in respect of 2017, representing a payout ratio of 34%, up by 2 percentage points.

Financial Glossary

- **Free cash flow** corresponds to net cash from operating activities (excluding the change in non-recurring sales of receivables) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.
- **Net cash flow** corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments and to changes in certain items shown in non-current financial assets, (ii) cash flows in respect of financing activities, relating to dividends paid, treasury share purchases and sales, interest paid and received, and acquisitions of investments without a change in control, and (iii) changes in non-recurring sales of receivables.
- **EBITDA** corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in the operating margin) and the impact of government subsidies and grants on non-current assets, and (ii) net dividends received from equity-accounted companies.
- **Net debt** comprises all long-term debt, liabilities associated with put options granted to holders of non-controlling interests, short-term debt and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents and the fair value of derivative instruments hedging the foreign currency and interest rate risks associated with these items.
- **Operating margin including share in net earnings of equity-accounted companies** corresponds to operating income before other income and expenses.
- **Like for like (or LFL):** the currency impact is calculated by multiplying sales for the current period by the exchange rate for the previous period. The Group structure impact is calculated by (i) eliminating, for the current period, sales of companies acquired during the period, and (ii) adding to the previous period full-year sales of companies acquired in the previous period, and (iii) eliminating, for the current period and for the comparable period, sales of companies sold during the current or comparable period.
- **Order intake** corresponds to business awarded by automakers during the period (including joint ventures accounted for based on Valeo’s share in net equity) less any cancellations, based on Valeo’s best reasonable estimates in terms of volumes, selling prices and project lifespans.
- **Net attributable income excluding non-recurring items** corresponds to net attributable income adjusted for “other income and expenses” net of tax and non-recurring income and expenses net of tax shown in operating margin including share in net earnings of equity-accounted companies.
- **ROA**, or return on assets, corresponds to operating income divided by capital employed (including investments in equity-accounted companies) including goodwill.
- **ROCE**, or return on capital employed, corresponds to operating margin (including share in net earnings of equity-accounted companies) divided by capital employed (including investments in equity-accounted companies) excluding goodwill.
VALEO IN 2017

Key figures in 2017

Business review and results

**GROSS RESEARCH AND DEVELOPMENT EXPENDITURE**
In millions of euros and as a % of original equipment sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,307</td>
<td>10.4%</td>
</tr>
<tr>
<td>2016</td>
<td>1,596</td>
<td>11.1%</td>
</tr>
<tr>
<td>2017</td>
<td>1,895</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

In 2017, net Research and Development expenditure totaled 1,130 million euros, or 6.1% of total sales.

**ORDER INTAKE**
In billions of euros and innovative products and systems as a % thereof

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>20.1</td>
<td>37%</td>
</tr>
<tr>
<td>2016</td>
<td>23.6</td>
<td>50%</td>
</tr>
<tr>
<td>2017</td>
<td>27.6</td>
<td>50%</td>
</tr>
</tbody>
</table>

The Valeo Siemens eAutomotive joint venture also had cumulative order intake of 10 billion euros at end-February 2018, of which 6.1 billion euros was recorded in 2017.

**SALES**
TOTAL SALES AND SALES BY BUSINESS GROUP
In millions of euros and as a % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>14,544</td>
<td>28%</td>
</tr>
<tr>
<td>2016</td>
<td>16,519</td>
<td>28%</td>
</tr>
<tr>
<td>2017</td>
<td>18,550</td>
<td>28%</td>
</tr>
</tbody>
</table>

**OPERATING MARGIN**
Including share in net earnings of equity-accounted companies
In millions of euros and as a % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,116</td>
<td>7.7%</td>
</tr>
<tr>
<td>2016</td>
<td>1,334</td>
<td>8.1%</td>
</tr>
<tr>
<td>2017</td>
<td>1,477</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

**BASIC EARNINGS PER SHARE AND DIVIDEND PER SHARE**
In euros

<table>
<thead>
<tr>
<th>Year</th>
<th>Basic Earnings per Share</th>
<th>Dividend per Share</th>
<th>Payout Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1.00 (30%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1.25 (32%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1.25 (34%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A 2017 dividend of 1.25 euros will be proposed at the Shareholders’ Meeting called to approve the financial statements for the year ended December 31, 2017. It represents a payout ratio of 34%.

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(1) Valeo Group order intake (see Financial Glossary, page 13), excluding Valeo Siemens eAutomotive.
(2) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive, FTE automotive and Valeo-Kapec.
Performance compared to automotive production

ORIGINAL EQUIPMENT SALES GROWTH AND BREAKDOWN BY DESTINATION REGION

Like for like (constant Group structure and exchange rates)*

WORLD
- OE sales +7%
- Outperformance 5 pts

NORTH AMERICA
- 20% of sales**
- OE sales +4%
- Outperformance 8 pts

EUROPE (incl. Africa)
- 47% of sales**
- OE sales +6%
- Outperformance 3 pts

ASIA excluding China (incl. the Middle East and Oceania)
- 16% of sales**
- OE sales +4%
- Outperformance 0 pts

SOUTH AMERICA
- 2% of sales**
- OE sales +16%
- Underperformance 6 pts

CHINA
- 15% of sales**
- OE sales +17%
- Outperformance 15 pts

* See Financial Glossary, page 13. Changes in exchange rates and Group structure during the year are described page 10.
** Original equipment sales by destination.
Cash flow and financial structure

**TOTAL EBITDA\(^{(1)}\) AND EBITDA BY BUSINESS GROUP**
In millions of euros and as a % of each Business Group’s sales

<table>
<thead>
<tr>
<th>Business Group</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMFORT &amp; DRIVING ASSISTANCE SYSTEMS</td>
<td>1,841</td>
<td>2,144</td>
<td>2,436</td>
</tr>
<tr>
<td>POWERTRAIN SYSTEMS</td>
<td>14.5%</td>
<td>14.7%</td>
<td>14.5%</td>
</tr>
<tr>
<td>THERMAL SYSTEMS</td>
<td>12.8%</td>
<td>13.3%</td>
<td>13.2%</td>
</tr>
<tr>
<td>VISIBILITY SYSTEMS</td>
<td>10.7%</td>
<td>10.0%</td>
<td>10.8%</td>
</tr>
<tr>
<td></td>
<td>13.9%</td>
<td>13.9%</td>
<td>13.2%</td>
</tr>
</tbody>
</table>

**INVESTMENT FLOWS**
In millions of euros and as a % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Free Flow</th>
<th>Capit. Dev. Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,086</td>
<td>364</td>
</tr>
<tr>
<td>2016</td>
<td>1,249</td>
<td>437</td>
</tr>
<tr>
<td>2017</td>
<td>1,745</td>
<td>577</td>
</tr>
</tbody>
</table>

**FREE CASH FLOW\(^{(1)}\)**
In millions of euros

<table>
<thead>
<tr>
<th>Year</th>
<th>Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>565</td>
</tr>
<tr>
<td>2016</td>
<td>661</td>
</tr>
<tr>
<td>2017</td>
<td>278</td>
</tr>
</tbody>
</table>

**NET DEBT**
In millions of euros and as a % of consolidated stockholders’ equity attributable to owners of the Company

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Debt</th>
<th>% of Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>124</td>
<td>4%</td>
</tr>
<tr>
<td>2016</td>
<td>537(^{(1)})</td>
<td>13%</td>
</tr>
<tr>
<td>2017</td>
<td>1,852(^{(2)})</td>
<td>42%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) See Financial Glossary, page 13
\(^{(2)}\) Note that, in 2017, Valeo carried out the following external growth transactions: takeover of Ichikoh, creation of Valeo-Kapco, and acquisition of FTE automotive.
\(^{(3)}\) Net debt shown for 2016 differs from the amount presented in the 2016 consolidated financial statements published in February 2017 since it has been adjusted to reflect the impacts of acquiring a stake in Cloudmade as well as the impacts of finalizing the allocation of goodwill to Spheros.
ROCE\(^{(1)}\)
(return on capital employed)

ROA\(^{(2)}\)
(return on assets)

**Other profitability indicators**

<table>
<thead>
<tr>
<th>Year</th>
<th>ROCE</th>
<th>ROA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>33%</td>
<td>20%</td>
</tr>
<tr>
<td>2016</td>
<td>34%</td>
<td>21%</td>
</tr>
<tr>
<td>2017</td>
<td>30%</td>
<td>19%</td>
</tr>
</tbody>
</table>

**Non-financial indicators\(^{(2)}\)**

<table>
<thead>
<tr>
<th>NON-FINANCIAL PERFORMANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>recognized by the DJSI World and Europe indices</td>
</tr>
</tbody>
</table>

**ENVIRONMENT - INNOVATION**

CONTRIBUTION TO CO\(_2\) EMISSIONS REDUCTION

% of total 2017 original equipment sales, by Business Group, attributable to products that contribute to CO\(_2\) emissions reduction

- Group >50%
- Powertrain Systems Business Group >3/4
- Thermal Systems Business Group >2/3
- Visibility Systems Business Group ~1/2

NB: the Comfort & Driving Assistance Systems Business Group’s contribution is not material

**SOCIAL - LABOR-RELATED**

FREQUENCY RATE (FR\(^{(3)}\)) OF OCCUPATIONAL ACCIDENTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Frequency Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.4</td>
</tr>
<tr>
<td>2016</td>
<td>2.3</td>
</tr>
<tr>
<td>2017</td>
<td>2.0</td>
</tr>
</tbody>
</table>

**GOVERNANCE**

7 BOARD OF DIRECTORS MEETINGS HELD IN 2017
92% OF DIRECTORS ARE INDEPENDENT\(^{(4)}\)
93% AVERAGE EFFECTIVE ATTENDANCE RATE
42% OF THE BOARD OF DIRECTORS’ MEMBERS ARE WOMEN\(^{(5)}\)

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(3) Calculation of FR1: number of lost-time accidents x 1,000,000/number of hours worked during the year.
(4) In accordance with the AFEP-MEDEF Code, this figure does not include the director representing employees.
(5) In accordance with article L.225-27-1, II of the French Code de commerce, this percentage excludes the director representing employees.
Operation and summary of the composition of the Board of Directors at December 31, 2017

Operation of the Board of Directors

The principal role of the Board of Directors is to determine Valeo’s business strategies and ensure that they are implemented effectively.

The Board of Directors, chaired by Jacques Aschenbroich, has set up four committees – the Audit & Risks Committee, the Compensation Committee, the Governance, Appointments & Corporate Social Responsibility Committee, and the Strategy Committee – to issue recommendations on key matters, improve its operating procedures and, ultimately, guarantee the Group’s sustainable growth.

The Board of Directors’ 13 members at December 31, 2017 have different backgrounds and enable the Group to benefit from their experience and skills in a variety of fields relating to economics, manufacturing and finance. Currently, 42%\(^{(1)}\) of the Board’s members are women. Seventy-seven percent of the Board’s members are under 70 and, except for the Chairman and Chief Executive Officer and the director representing employees, all of them are considered independent according to the criteria set out in both the Internal Procedures and the AFEP-MEDEF Code to which Valeo refers. Georges Pauget, an independent director, is Lead Director and Chairman of the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee, and a member of the Strategy Committee.

In 2017, the Board of Directors’ operation was assessed internally, between late 2017 and early 2018, by the Lead Director assisted by the Secretary of the Board of Directors. The assessment revealed that its members are unanimously satisfied with the Board of Directors’ operation, and that the Board of Directors had adapted to take into account all the suggestions for improvement made during the previous assessment. The Board members emphasized the maturity, dynamism and quality of governance within the Company, and once again praised the role played by the Lead Director to ensure a sound balance among the governance bodies. The quality of discussions and genuine ability to listen within the Board of Directors ensures a continued high quality of debate.

The Board’s annual strategy seminar was held in China in November 2017. As is the case each year, the seminar was considered a key moment for the Board of Directors, in view of the quality of its organization, the sites visited, the issues covered and the people in attendance.

\(^{(1)}\) Percentage excludes the director representing employees, in accordance with article L.225-27-1, II of the French Code de commerce.
# Composition of the Board of Directors

The table below presents a summary of the composition of the Board of Directors at December 31, 2017.

<table>
<thead>
<tr>
<th>Age</th>
<th>Gender</th>
<th>Nationality</th>
<th>Gender</th>
<th>Number of directorships held</th>
<th>Independent</th>
<th>Audit &amp; Risks Committee</th>
<th>Remuneration Committee</th>
<th>Strategy Committee</th>
<th>Start of first term of office</th>
<th>End of current term of office</th>
<th>Board Chairperson</th>
<th>Number of directorships held in listed companies other than Valeo</th>
<th>Number of years on the Board</th>
<th>Attendance rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>63</td>
<td>M</td>
<td>French-Canadian</td>
<td>No</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2009</td>
<td>2019</td>
<td>9</td>
<td>100%</td>
<td>(Chair)</td>
<td>3</td>
</tr>
<tr>
<td>54</td>
<td>M</td>
<td>French</td>
<td>Yes</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2017</td>
<td>2018</td>
<td>1</td>
<td>100%</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>65</td>
<td>M</td>
<td>French-Canadian</td>
<td>Yes</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2006</td>
<td>2018</td>
<td>12</td>
<td>100%</td>
<td>(Chair)</td>
<td>3</td>
</tr>
<tr>
<td>43</td>
<td>M</td>
<td>French-Canadian</td>
<td>N/A</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2017</td>
<td>2021</td>
<td>1</td>
<td>100%</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>72</td>
<td>M</td>
<td>French</td>
<td>Yes</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2007</td>
<td>2019</td>
<td>11</td>
<td>100%</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>72</td>
<td>M</td>
<td>French</td>
<td>Yes</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2009</td>
<td>2019</td>
<td>9</td>
<td>100%</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>49</td>
<td>F</td>
<td>French-Canadian</td>
<td>Yes</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2016</td>
<td>2021</td>
<td>2</td>
<td>86%</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>69</td>
<td>F</td>
<td>French</td>
<td>Yes</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2010</td>
<td>2018</td>
<td>8</td>
<td>86%</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>66</td>
<td>M</td>
<td>French-Canadian</td>
<td>Yes</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2011</td>
<td>2020</td>
<td>7</td>
<td>86%</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>70</td>
<td>M</td>
<td>French</td>
<td>Yes</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2007</td>
<td>2020</td>
<td>11</td>
<td>100%</td>
<td>(Chair)</td>
<td>2</td>
</tr>
<tr>
<td>66</td>
<td>F</td>
<td>German</td>
<td>Yes</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2011</td>
<td>2020</td>
<td>7</td>
<td>100%</td>
<td>(Chair)</td>
<td>2</td>
</tr>
<tr>
<td>58</td>
<td>F</td>
<td>French</td>
<td>Yes</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2016</td>
<td>2021</td>
<td>2</td>
<td>86%</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

**Number of meetings:** 6 6 7 4 7

**Attendance rate:** 93% 93% 95% 88% 93%

---

1. The number of meetings and the rate of attendance of each member have been adjusted to take into account the Appointments, Compensation & Governance Committee meeting of January 26, 2017. As of this date, the committee was split into two separate committees – the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee.
2. Rate of attendance at Board of Directors’ meetings (director present).
3. Since his cooptation on October 24, 2017 to replace Jérôme Contamine.
4. Daniel Camus was first appointed as director on May 17, 2006 and will therefore have been in office for 12 years on May 17, 2018.
6. Director representing employees.
7. The attendance rates mentioned in the above table also take into account the attendance of members whose terms of office expired in 2017 (Gérard Blanc, Jérôme Contamine and Sophie Dutordoir).

**Nationalities:**
- French
- French-Canadian
- American
- German
The table below presents a summary of the composition of the Board of Directors at December 31, 2017.

<table>
<thead>
<tr>
<th>Composition of the Board of Directors at January 1, 2017</th>
<th>Departure(s)</th>
<th>Renewal(s)</th>
<th>Appointment(s)</th>
<th>Composition of the Board of Directors at December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jacques Aschenbroich (Chairman and Chief Executive Officer)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Jacques Aschenbroich (Chairman and Chief Executive Officer)</td>
</tr>
<tr>
<td>Gérard Blanc (Independent director)</td>
<td>Term ended (May 23, 2017)</td>
<td>-</td>
<td>-</td>
<td>Daniel Camus (Independent director)</td>
</tr>
<tr>
<td>Daniel Camus (Independent director)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Pascal Colombani (Independent director)</td>
</tr>
<tr>
<td>Pascal Colombani (Independent director)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Миk-Noëlle Jégo-Laveissière (Independent director)</td>
</tr>
<tr>
<td>C. Maury Devine (Independent director)</td>
<td>-</td>
<td>Re-appointed at the Shareholders’ Meeting of May 23, 2017</td>
<td>-</td>
<td>C. Maury Devine (Independent director)</td>
</tr>
<tr>
<td>Sophie Dutordoir (Independent director)</td>
<td>Term ended (May 23, 2017)</td>
<td>-</td>
<td>-</td>
<td>Michel de Fabiani (Independent director)</td>
</tr>
<tr>
<td>Michel de Fabiani (Independent director)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Mari-Noëlle Jégo-Laveissière (Independent director)</td>
</tr>
<tr>
<td>Mari-Noëlle Jégo-Laveissière (Independent director)</td>
<td>-</td>
<td>Re-appointed at the Shareholders’ Meeting of May 23, 2017</td>
<td>-</td>
<td>Mari-Noëlle Jégo-Laveissière (Independent director)</td>
</tr>
<tr>
<td>Noëlle Lenoir (Independent director)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Noëlle Lenoir (Independent director)</td>
</tr>
<tr>
<td>Thierry Moulonqet (Independent director)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Thierry Moulonqet (Independent director)</td>
</tr>
<tr>
<td>Georges Pauget (Lead Director and independent director)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Georges Pauget (Lead Director and independent director)</td>
</tr>
<tr>
<td>Ulrike Steinhorst (Independent director)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Ulrike Steinhorst (Independent director)</td>
</tr>
<tr>
<td>Véronique Weill (Independent director)</td>
<td>-</td>
<td>Re-appointed at the Shareholders’ Meeting of May 23, 2017</td>
<td>-</td>
<td>Véronique Weill (Independent director)</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Appointment of Éric Chauvirey (June 30, 2017)</td>
<td>Éric Chauvirey (Director representing employees)</td>
</tr>
</tbody>
</table>

**14 directors**

**13 directors**

(1) At its meeting on February 15, 2017, the Board of Directors took due note of the decision of Gérard Blanc and Sophie Dutordoir not to stand for re-appointment at the Shareholders’ Meeting of May 23, 2017.

(2) During the Board of Directors’ assessment of its practices and procedures, which was reviewed in turn by the Governance, Appointments & Corporate Social Responsibility Committee and the Board of Directors on February 14 and 15, 2017, the directors expressed their wish to keep a 12-member Board. Acting on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, the Board of Directors took due note of the decision of Gérard Blanc and Sophie Dutordoir not to stand for re-appointment and consequently decided on February 15, 2017 not to recommend their re-appointment as directors to the Shareholders’ Meeting of May 23, 2017. In the absence of replacements for Gérard Blanc and Sophie Dutordoir as directors and in order to renew the terms of office of one-fourth of the Board’s members in accordance with Article 14.1 of the articles of association, a new order of rotation was drawn up at the Board meeting on March 22, 2017 on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee. Thus, in accordance with the articles of association as referred to above, the terms of office of Mari-Noëlle Jégo-Laveissière and Véronique Weill automatically lapsed at the Shareholders’ Meeting of May 23, 2017. They stood for re-appointment and were re-appointed at that meeting for a term of four years expiring at the Shareholders’ Meeting called to approve the financial statements for the year ending December 31, 2020.

(3) For the remainder of Jérôme Contamine’s term of office, i.e., until the close of the Shareholders’ Meeting called to approve the financial statements for the year ended December 31, 2017, Shareholders will be asked to ratify his cooptation at the Shareholders’ Meeting of May 23, 2018. Bruno Bézard will provide the Board with the benefit of his experience in the most prestigious roles in the French civil service, spanning the economic, industrial and financial spheres, as well as in the private equity world. In addition, he brings in-depth knowledge of China, where he lived for several years and has spent a substantial amount of time in his current position. He also speaks the language.

(4) Following the amendment to the articles of association approved by the Shareholders’ Meeting of May 23, 2017 to include arrangements for appointing a director representing employees, Éric Chauvirey was appointed director representing employees by the Group Works Council at its meeting of June 30, 2017. He attended his first Board meeting on July 20, 2017.
Presentation of directors in 2017

(Information updated at December 31, 2017)

JACQUES ASCHENBROICH
Chairman and Chief Executive Officer

French
Age: 63

Valeo
43, rue Bayen,
75017 Paris, France

Number of shares held: 802,137
First appointed: 03/20/2009
Start of current term of office: 05/26/2015
End of current term of office: Shareholders’ Meeting called to approve the 2018 financial statements

Main position held outside the Company in 2017
- Director (various companies)

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
- Chairman of the Board of Directors, École nationale supérieure des Mines ParisTech
- Director, Veolia Environnement (Chairman of the Research, Innovation and Sustainability Committee and member of the Accounts and Audit Committee) and BNP Paribas (member of the Accounts Committee)

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
-

Experience
Jacques Aschenbroich has been Chief Executive Officer of Valeo since March 20, 2009 and Chairman and Chief Executive Officer since February 18, 2016. He has extensive experience in senior executive positions in major industrial groups in France and abroad, as well as senior positions in the public service.

Before joining Valeo, he held several positions in the French administration and served in the Prime Minister’s office in 1987 and 1988. He then pursued an industrial career in the Saint-Gobain group from 1988 to 2008. After having managed subsidiaries in Brazil and Germany, he became Managing Director of the Flat Glass division of Compagnie de Saint-Gobain and went on to become Chairman of Saint-Gobain Vitrage in 1996.

As Senior Vice-President of Compagnie de Saint-Gobain from October 2001 to December 2008, he managed the flat glass and high-performance materials sectors as from January 2007 and, as the Vice-Chairman of Saint-Gobain Corporation and General Delegate to the United States and Canada, he directed the operations of the group in the United States as from September 1, 2007. He was also a director of Esso SAF until June 2009.

Jacques Aschenbroich graduated in engineering from École des Mines.
He is a French citizen and speaks French, English, German and Portuguese.

 Listed company (for directorships and positions currently held).
BRUNO BÉZARD
Independent director

French
Age: 54

74, rue du Cardinal Lemoine,
75005 Paris, France

Number of shares held: 750(1)
First appointed: 10/24/2017
Start of current term of office: 10/24/2017
End of current term of office: Shareholders’ Meeting
called to approve the 2017 financial statements

Main position held outside the Company in 2017
- Managing Partner of investment fund Cathay Capital Private Equity

Other directorships and positions held in companies
other than Valeo subsidiaries in 2017

Other directorships and positions previously held in companies
other than Valeo subsidiaries during the past five years
- Director, EDF, SNCF, AREVA, La Poste, Thales, Air France, Engie, PSA and Fonds Stratégique d’Investissement (FSI)

Experience
Bruno Bézard has experience in the most prestigious roles in the French civil service, spanning the economic, industrial and financial spheres, as well as in the private equity world. In addition, over the past few years he has gained in-depth knowledge of China, where he lived for several years and has spent a substantial amount of time in his current position. He also speaks the language.

He was Head of the French Public Finance Administration after spending two years as Minister-Advisor in Beijing, overseeing France’s Greater China Regional Economic Department. He created, and then headed, the French State Shareholding Agency (APE), representing the State as a shareholder on a large number of company boards and acquiring vast experience in corporate governance and mergers & acquisitions.

For example, he has held a seat on the boards of EDF, SNCF, AREVA, La Poste, Thales, Air France, Engie, PSA and the Fonds Stratégique d’Investissement (FSI). He was Head of the French Treasury and President of the Paris Club before joining Cathay Capital as Managing Partner in 2016, a private equity fund that invests in startups, SMEs and middle market companies, and supports their international development in Europe, the United States and China.

An Inspector General of Finance, Bruno Bézard is a graduate of the École polytechnique and the École nationale d’administration (ENA), and taught at both schools for a number of years.

He is a French citizen and speaks French, English, Chinese and Russian.

(1) Bruno Bézard purchased 750 shares in 2017 and another 750 shares in 2018, in order to comply with the shareholding obligation provided for in the Company’s articles of association.
GÉRARD BLANC
Independent director (until May 23, 2017)
Member of the Strategy Committee

French
Age: 74

17, rue Joseph Marignac, 31300 Toulouse, France

Number of shares held: 1,500
First appointed: 05/21/2007
Start of current term of office: 06/06/2013
End of current term of office: Shareholders’ Meeting held on May 23, 2017 to approve the 2016 financial statements

Main position held outside the Company in 2017
- Director (various companies)

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
- Director, Sogeclair (Chairman of the Compensation Committee)

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
- Chairman and CEO, Marignac Gestion SAS

Experience
Gérard Blanc has extensive experience in industry, mainly acquired at Airbus.
He served as Executive Vice-President of Programs at Airbus until 2003, when he was appointed Executive Vice-President of Operations, a position he held until 2005.

He also served as Chairman and Chief Executive Officer of Marignac Gestion SAS until January 2, 2016.
Gérard Blanc is a graduate of HEC business school in Paris.
He is a French citizen and speaks French and English.

- Listed company (for directorships and positions currently held).
DANIEL CAMUS
Independent director
Chairman of the Audit & Risks Committee

French and Canadian
Age: 65
745 Upper-Belmont,
H3Y 1K3 Westmount (P.Q.),
Canada

Number of shares held: 2,200
First appointed: 05/17/2006
Start of current term of office: 05/21/2014
End of current term of office: Shareholders’ Meeting
called to approve the 2017 financial statements

Main position held outside the Company in 2017
■ Chief Financial Officer, The Global Fund (until April 30, 2017) and Director of various companies

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
■ Senior Advisor, Roland Berger Strategy Consultants (Germany)
■ Member of the Supervisory Board, SGL Group SE (Germany) (Chairman of the Governance and Ethics Committee, member of the Strategy Committee)
■ Director, Cameco Corp. (Canada) (member of the Audit and Compensation Committee) and ContourGlobal Plc (United Kingdom) (Chairman of the Compensation Committee and member of the Audit Committee)

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
■ Member of the Supervisory Board, Morphosys AG (Germany) and Vivendi SA

Experience
Daniel Camus has extensive international experience in North America and Europe, acquired in executive-level financial and strategic positions in large industrial companies.

After working in the chemicals and pharmaceuticals industry for 25 years with the Hoechst-Aventis group in Germany, Canada, the United States and France, he joined the EDF group in 2002 as Chief Financial Officer. He then served as group Executive Vice-President in charge of International Activities and Strategy at the EDF group until December 1, 2010. After that, he was Chief Financial Officer of the Global Fund until April 30, 2017. He was also a member of the Supervisory Boards of Morphosys AG (Germany) and of Vivendi SA until 2015.

Daniel Camus holds a doctorate in economics, is an associate professor of management sciences (agrégé en Sciences de la gestion) and graduated with distinction from Institut d’études politiques de Paris (IEP).
He has dual French and Canadian nationality and speaks French, English and German.

◆ Listed company (for directorships and positions currently held)
ÉRIC CHAUVIREY
Director representing employees
Member of the Compensation Committee

French
Age: 43
11, allée des Saules,
95250 Beauchamp, France

Number of shares held: in accordance with the law, the articles of association and the Internal Procedures, the director representing employees is not required to hold 1,500 shares
First appointed by the Group Works Council: 06/30/2017
Start of current term of office: 06/30/2017
End of current term of office: 06/30/2021

Main position held outside the Company in 2017
-

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
-

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
-

Experience
Through his long experience in the Group and his involvement in the employee representative bodies and trade unions, Éric Chauvirey has in-depth knowledge of the Group’s business and employee relations, which are essential attributes for a director representing employees.

He has been employed by Valeo for 21 years in production (Étaples) and R&D (Montigny-le-Bretonneux & Cergy). He began his career with Valeo in 1999 as Head of Project Design at Étaples-sur-Mer, before being appointed Head of Pre-Project Research & Development in 2005 for Valeo Systèmes de Liaison.

In 2007, he was promoted to the position of Head of Project Quality for Valeo Systèmes de Contrôle Moteur, the Group’s engine management systems unit in Cergy, then became Project Manager in 2012. In September 2014, he was appointed Head of Prototype Scheduling in the Powertrain Systems Business Group. On December 1, 2017, he became Knowledge Manager Special Projects.

He was a member of the Works Council, Treasurer and trade union representative at the Cergy site, and central trade union representative for Valeo Systèmes de Contrôle Moteur. He was also a member of the Central Works Council, Chairman of the Economic Commission, and Group negotiator for the Force Ouvrière trade union.

Éric Chauvirey holds an engineering degree in Industrial Design and Production from the ESCPI-CNAM.

He is a French citizen and speaks French and English.

He was a member of the Works Council, Treasurer and trade union representative at the Cergy site, and central trade union representative for Valeo Systèmes de Contrôle Moteur. He was also a member of the Central Works Council, Chairman of the Economic Commission, and Group negotiator for the Force Ouvrière trade union.

Éric Chauvirey holds an engineering degree in Industrial Design and Production from the ESCPI-CNAM.

He is a French citizen and speaks French and English.
PASCAL COLOMBANI

Independent director
Honorary Chairman
Member of the Compensation Committee, the Governance, Appointments & Corporate Social Responsibility Committee, and the Strategy Committee

French
Age: 72

Number of shares held: 1,800
First appointed: 05/21/2007
Start of current term of office: 05/26/2015
End of directorship: Shareholders’ Meeting called to approve the 2018 financial statements

Valeo
43, rue Bayen, 75017 Paris, France

Main position held outside the Company in 2017
- Chairman, TII Stratégies SAS
- Senior Advisor, J.P. Morgan Chase and A.T. Kearney Paris, strategic consulting firms, and Truffle Venture
- Director, TechnipFMC (United Kingdom) (member of the Strategy Committee and the Appointments and Governance Committee) and Noordzee Helikopters Vlaanderen (N.H.V) (Belgium) (Chairman of the Audit Committee and member of the Compensation Committee)

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
- Director, Alstom SA (until March 17, 2017), Technip SA (until January 16, 2017) and Institut de physique du globe de Paris
- Member of the European Advisory Board, J.P. Morgan Chase (United States)
- Member of the Supervisory Committee, SIACI Saint-Honoré (Chairman of the Audit Committee)
- Member, French Academy of Technology (Académie des Technologies)
- Vice-President, Conseil Stratégique de la Recherche (a research advisory board set up by the French government – CSR)
- Consultant, French Ministry of Foreign Affairs

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
- Director, Energy Solutions Inc. (United States)
- Chairman of the Board of Directors, N.H.V. (Belgium)
- Member of the AFEP-MEDEF High Committee on Corporate Governance (Haut Comité de Gouvernement d’Entreprise) (until November 24, 2016)

Experience
Pascal Colombani is Honorary Chairman of the Board of Directors, having been Chairman from March 20, 2009 until February 18, 2016. He has recognized expertise in new technologies and scientific fields. He has held senior management positions in the energy sector and has worked in Europe, the United States and Japan.

Pascal Colombani spent close to 20 years (1978-1997) at Schlumberger in various management positions, in Europe and in the United States, before becoming Chairman of its Japanese subsidiary in Tokyo. Between 1997 and 1999, he was the Director of Technology at the French Ministry for Research.

In January 2000, he was appointed Managing Director of the French Alternative Energies and Atomic Energy Commission (Commissariat à l’Énergie Atomique – CEA), a post that he held until December 2002. The instigator of the restructuring of CEA’s industrial holdings and of the creation of Areva in 2000, he chaired the Supervisory Board of Areva until May 2003. On March 20, 2009

Pascal Colombani was appointed Chairman of the Board of Directors, a position he held until February 18, 2016. He served as a director at Energy Solutions Inc. until 2013, member of the AFEP-MEDEF High Committee on Corporate Governance until November 24, 2016, Chairman of the Board of Directors of N.H.V. (Belgium) until December 9, 2016, director at Technip SA until January 16, 2017 and director at Alstom until March 17, 2017.

He has also notably served as a director at EDF, France Telecom, British Energy Group Plc, Rhodia SA and Energy Solutions Inc., and Senior Advisor at both Detryot Associés and Arjil Banque.

Pascal Colombani is a graduate of École normale supérieure de Saint-Cloud, is an associate professor in sciences (agrégé de physique) and has a doctorate in physics.

He is a French citizen and speaks French and English.

Listed company (for directorships and positions currently held):
JÉRÔME CONTAMINE

Independent director until September 30, 2017
Member of the Strategy Committee

French
Age: 60
Sanofi
54, rue La Boétie,
75414 Paris Cedex 8, France

Number of shares held: 6,000
First appointed: 05/17/2006
Start of current term of office: 05/21/2014
End of current term of office: Shareholders’ Meeting called to approve the 2017 financial statements
Resigned on September 30, 2017

Main position held outside the Company in 2017
- Executive Vice-President and Chief Financial Officer, Sanofi

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
-

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
- Chairman, SECPE, Sanofi 1 and SETC
- CEO, Sanofi-Aventis North America, Sanofi-Aventis Europe and Sanofi-Aventis Participations
- Director, SETC, Sanofi Pasteur Holding and Mérial Ltd.

Experience
Jérôme Contamine held several high-level positions in major French industrial groups, before becoming Executive Vice-President and Chief Financial Officer of Sanofi in March 2009.


In 1999, he was appointed Director of the integration group with Total, tasked with reorganizing the new merged entity, TotalFinaElf, and in 2000 became Vice-President of Continental European and Central Asian Operations for the Exploration and Production division of Total.

He then joined Veolia as Executive Vice-President of Finance, before becoming Executive Vice-President responsible for cross-functional activities in 2002, and Senior Executive Vice-President of Veolia Environnement in 2003 until January 16, 2009. He joined Sanofi in March 2009.

Jérôme Contamine is a graduate of École polytechnique and of École nationale d’administration (ENA) and is a special advisor to the French Court of Auditors (Cour des comptes).

He is a French citizen and speaks French and English.
C. MAURY DEVINE

Independent director
Member of the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee

American
Age: 66

1219 35th Street NW
Washington, DC 20007, United States

Number of shares held: 1,500
First appointed: 04/23/2015
Start of current term of office: 05/23/2017
End of current term of office: Shareholders’ Meeting called to approve the 2020 financial statements

Main position held outside the Company in 2017
■ Director (various companies)

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
■ Director, Technip SA (Chair of the Ethics and Governance Committee and member of the Nominations and Remunerations Committee until January 16, 2017), John Bean Technologies (United States) (member of the independent Nominating and Governance Committee and member of the Audit Committee), Georgetown Visitation Preparatory School (United States) (Chair of the Audit Committee) and ConocoPhillips (United States) (member of the Audit Committee and the Public Policy Committee)
■ Member of the independent Nominating and Governance Committee, Petroleum Geo-Services (Norway)

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
■ Chair of the Nominating and Governance Committee, John Bean Technologies (United States)
■ Director, FMC Technologies (United States)

Experience

C. Maury Devine, a US national, has held several management positions in international and industrial groups in the United States and Europe. She has also served in public office in the United States and has extensive knowledge of US public affairs.

From 1972 to 1987, she worked for the US government in various capacities, most notably for the Department of Justice, the White House and the US Drug Enforcement Administration (DEA). Between 1987 and 2000, she held a number of positions at ExxonMobil Corporation, including Chair and Chief Executive Officer of its Norwegian subsidiary from 1996 to 2000 and Secretary General of Mobil Corporation between 1994 and 1996.

She was also Vice-Chair of the Board of Directors of Det Norske Veritas (DNV) from 2000 to 2010 and Fellow at the Belfer Center for Science and International Affairs at Harvard University from 2000 to 2003.

C. Maury Devine is a graduate of Middlebury College, the University of Maryland and Harvard University (Master’s in Public Administration).

She is an American citizen and speaks French and English.

◆ Listed company (for directorships and positions currently held).
## SOPHIE DUTORDOIR

**Independent director (until May 23, 2017)**  
Member of the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee

| Belgian | Number of shares held: 1,500  
First appointed: 06/06/2013  
Start of current term of office: 06/06/2013  
End of current term of office: Shareholders’ Meeting held on May 23, 2017 to approve the 2016 financial statements |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Age: 55</td>
<td>Pelikaanhof 5, 3090 Overijse, Belgium</td>
</tr>
</tbody>
</table>

### Main position held outside the Company in 2017
- CEO, SNCB (Belgium)
- Director (various companies)

### Other directorships and positions held in companies other than Valeo subsidiaries in 2017
- Vice-Chair, Eurostation SA (Belgium)
- Chair of the Board of Directors, YPTO (Belgium), THI Factory SA (Belgium) and Thalys International Scrl (Belgium)
- Independent director, BNP Paribas Fortis (Belgium) (member of the Governance and Appointment Committee and the Compensation Committee) and BPost (Belgium) (member of the Audit Committee, the Appointment and Compensation Committee and the Committee of Independent Directors)
- Executive Manager, Poppeia (Belgium)
- Director, Eurogare SA (Belgium) and HR Rail (Belgium)

### Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
- Director, GDF Suez Energie Deutschland (Germany)
- Chair of the Board of Directors and director, Electrabel Customer Solutions (Belgium)
- Chief Executive Officer and director, Electrabel (Belgium)
- Member of the Executive Committee, Federation of Enterprises in Belgium (Fédération des entreprises de Belgique)

### Experience

Sophie Dutordoir, a Belgian citizen, has held a number of top-level positions in various Belgian state-owned companies and is currently Chief Executive Officer of the Belgian railway company, SNCB.

She began her career in July 1984 as spokeswoman and advisor to the Belgian Prime Minister, before occupying the same position for the Belgian Ministers of Finance and Education. In 1990, she joined Electrab and Tractebel where she served as General Manager of Marketing and Sales and was a member of the General Management Committee and General Officer of Electrabel Customer Solutions. In May 2007, she was appointed Chief Executive Officer of Fluxys, an operator of the gas transport network in Belgium.

In 2009, she returned to the Electrabel group where she served until December 31, 2013 as Chief Executive Officer and a director of Electrabel (Belgium) and Chair of the Board of Directors and a director of Electrabel Customer Solutions (Belgium). Up to this time, she was also a director of GDF Suez Energie Deutschland (Germany) and a member of the Executive Committee of the Federation of Enterprises in Belgium.

Sophie Dutordoir holds a graduate degree and is a qualified professor in Romance philology (agrégée en philologie romane) from the University of Ghent and holds a degree in Economic, Financial and Tax Sciences from the Economische Hogeschool Sint-Aloysius (EHSAL) school in Brussels.

She is a Belgian citizen and speaks English, Dutch and French.

* Listed company (for directorships and positions currently held)
MICHEL DE FABIANI

Independent director
Member of the Audit & Risks Committee, the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee

French Age: 72

CCI Franco-Britannique
63, avenue de Villiers,
75017 Paris, France

Number of shares held: 1,500
First appointed: 10/20/2009
Start of current term of office: 05/26/2015
End of current term of office: Shareholders’ Meeting called to approve the 2018 financial statements

Main position held outside the Company in 2017
■ Vice-President, Franco-British Chamber of Commerce and Industry
■ Chairman of the Compensation Club of the French Institute of Directors (IFA)
■ Chairman of the Policy Committee of the European Confederation of Directors’ Associations (ECODA) (Belgium)
■ Director (various companies)

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
■ Director, BP France and EB Trans SA (Luxembourg)
■ Member of the Supervisory Board, Valco Group
■ Chairman of the Board of Directors, British Hertford Hospital Corporation
■ Founding Chairman, Cercle économique Sully (a think tank) and Association for the Promotion of Ecological Vehicles (Association pour la promotion des véhicules écologiques)
■ Vice-Chairman, Œuvre du Perpétuel Secours (a non-profit association)

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
■ Director, Rhodia Group, Star Oil Mali (Mali) and SEMS (Morocco)
■ Member of the Supervisory Board, Vallourec

Experience
Michel de Fabiani has extensive experience in the industrial world. He was the first Frenchman to become President, in 2005 and again in 2009, of the Franco-British Chamber of Commerce and Industry, an institution founded in 1873 to promote and develop business and trade between France and the United Kingdom. He has held a number of directorships and brings the Board considerable experience in corporate governance.

After joining the BP group in 1969, Michel de Fabiani held a number of positions in the nutrition, chemicals, finance and oil sectors in Milan, Paris and Brussels. In May 1995, he became Chairman and Chief Executive Officer of BP France. In September 1997, he was appointed Chief Executive Officer of the BP/Mobil joint venture in Europe and in 1999, President, Europe of the BP group and Vice-President of Europia (European Oil Industry Association) in Brussels until the end of 2004, when he left his executive position after 35 years with the BP group.

He has also served as a director of Rhodia and a member of the Supervisory Board of Vallourec.

Michel de Fabiani is a graduate of HEC business school in Paris. He is a French citizen and speaks French, English, Italian, German and Spanish.
MARI-NOËLLE JÉGO-LAVEISSIÈRE

Independent director
Member of the Audit & Risks Committee

French
Age: 49

Orange
78, rue Olivier de Serres,
75015 Paris, France

Number of shares held: 1,500
First appointed: 05/26/2016
Start of current term of office: 05/23/2017
End of current term of office: Shareholders’ Meeting called to approve the 2020 financial statements

Main position held outside the Company in 2017
- Executive Vice-President of Innovation, Marketing & Technologies, Orange

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
- Director, Engie (member of the Ethics, Environment and Sustainable Development Committee), Orange Romania and BuyIn SA
- Chair of the Board of Directors, Soft@Home and Viaccess SA

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
- Director, Nordnet and the French National Frequency Agency (Agence Nationale des Fréquences)

Experience
Mari-Noëlle Jégo-Laveissière brings the Board her considerable experience in new technologies and in research and development, particularly in telecommunications, areas in which she has spent most of her career.

She began her career in 1996 at the Paris regional office (Direction Régionale de Paris) of France Télécom’s commercial distribution network. Since then, she has held various leadership positions within the Orange group: head of Consumer Marketing France (Marketing Grand Public France), Director of Research and Development and Director of International Networks. She became a member of the Executive Committee of Orange in March 2014 in her capacity as Executive Vice-President of Innovation, Marketing & Technologies.

Mari-Noëlle Jégo-Laveissière holds a degree from École normale supérieure and she graduated in engineering from Corps des Mines Telecom. She also holds a doctorate in quantum chemistry from the Université de Paris XI – Waterloo. She is a French citizen and speaks French and English.

Listed company (for directorships and positions currently held).
THE BOARD OF DIRECTORS DURING THE YEAR ENDING DECEMBER 31 2017

NOËLLE LENOIR

Independent director
Member of the Audit & Risks Committee

French
Age: 69

Kramer Levin Naftalis & Frankel LLP
47, avenue Hoche,
75008 Paris, France

Number of shares held: 3,000
First appointed: 06/03/2010
Start of current term of office: 05/21/2014
End of current term of office: Shareholders’ Meeting called to approve the 2017 financial statements

Main position held outside the Company in 2017
- Partner, Kramer Levin Naftalis & Frankel LLP

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
- President, HEC Europe Institute (Institut de l’Europe des Hautes Études Commerciales)
- Member, French Academy of Technology (Académie des Technologies)
- Director, Compagnie des Alpes (member of the Strategy Committee) and Cluster Maritime Français
- Founding Chair, Cercle des Européens and Association des amis d’Honoré Daumier
- Adjunct Professor, HEC business school in Paris (HEC)
- Member of the American Law Institute and member of the Bureau of the French Association of Constitutionalists (Association française des constitutionnalistes)
- Member of the International Committee of the French Institute of Directors (IFA)
- Member of the Bureau of the International Chamber of Commerce (French section)
- Honorary member of the Conseil d’État (France’s highest administrative court) and the French Constitutional Council (Conseil constitutionnel)
- Chair of the Ethics Committee, Radio France
- Chair of the Scientific and Ethics Council, Parcoursup

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
- Director, Generali France
- Ethics Officer at the French National Assembly
- Director, Comparative Law Society (Société de Législation Comparée)

Experience
A practising lawyer, Noëlle Lenoir has held several very high-level positions in the French government during her career. As well as being the first woman to be appointed as a member of the French Constitutional Council (Conseil constitutionnel) (1992-2001), she was Deputy Minister of European Affairs from 2002 to 2004. Apart from her extensive knowledge of the workings of the French government and European institutions, she also brings the Board the benefit of her considerable legal experience in European regulations, competition law and compliance.

She worked as a partner in the law firms Debevoise & Plimpton LLP (2004-2009) and Jeanlet et Associés before joining Kramer Levin Naftalis & Frankel LLP in 2011. She was also a member of the Conseil d’État (France’s highest administrative court) and the French Constitutional Council (Conseil constitutionnel), a director of Generali France, Ethics Officer at the French National Assembly, a director of the Law Committee of the French Senate, a director of the French Data Protection Authority (Commission Nationale de l’Informatique et des Libertés) and Mayor of Valmondois (Val d’Oise).

Noëlle Lenoir is a graduate of Institut d’études politiques de Paris (IEP) and holds a postgraduate degree in public law. She is a French citizen and speaks French and English.

◆ Listed company (for directorships and positions currently held)
THIERRY MOULONGUET

Independent director
Member of the Audit & Risks Committee and the Strategy Committee

French
Age: 66

Fimalac
97, rue de Lille, 75007 Paris, France

Number of shares held: 1,500
First appointed: 06/08/2011
Start of current term of office: 05/26/2016
End of current term of office: Shareholders’ Meeting called to approve the 2019 financial statements

Main position held outside the Company in 2017
- Director (various companies)

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
- Independent director, Fimalac SA (member of the Remunerations Committee), Fimalac Développement, Lucien Barrière group (Chairman of the Audit and Risk Committee), HSBC France (Chairman of the Audit Committee), HSBC Europe (United Kingdom) (Chairman of the Audit Committee) and Prodways Group
- Chairman of the Supervisory Board, Webedia (Fimalac group) (Chairman of the Audit and Risks Committee)

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years

Experience
Thierry Moulonguet has extensive experience in the French and international automotive industry. He spent most of his career with the Renault-Nissan group, where he held a number of top positions including Vice Chief Executive Officer and Chief Financial Officer of Nissan in Japan and Vice Chief Executive Officer and Chief Finance Officer of the Renault group.

He joined the Renault-Nissan group in February 1991 as Head of Banking Strategy and Financial Communication. He later served as Director of Financial Relations, Vice-President, Capital Expenditure Controller, Vice Chief Executive Officer and Chief Financial Officer of Nissan before becoming Vice Chief Executive Officer and Chief Financial Officer of the Renault group, also in charge of Information Systems, and then member of the Management Committee for the Americas and member of its Executive Committee from January 2004 to July 1, 2010. He served as Special Advisor to Renault’s Chairman and Chief Executive Officer, Carlos Ghosn, until March 31, 2011, the date on which he retired.

He also served as a member of the Board of Fitch Ratings Ltd, Ssangyong Motor Co. (South Korea), Avtovaz (Russia), RCI Banque and Renault Retail Group.

Thierry Moulonguet is a graduate of École nationale d’administration (ENA) and Institut d’études politiques de Paris (IEP).

He is a French citizen and speaks French and English.

- Listed company (for directorships and positions currently held).
GEORGES PAUGET
Independent director
Lead Director since February 18, 2016
Chairman of the Compensation Committee and the Governance,
Appointments & Corporate Social Responsibility Committee, and member of the Strategy Committee

French
Age: 70

ALMITAGE16.LDA
rue Almirante Pessanha
16 2DTO – 1200-022 Lisbon,
Portugal

Number of shares held: 1,500
First appointed: 04/10/2007
Start of current term of office: 05/26/2016
End of current term of office: Shareholders’ Meeting
called to approve the 2019 financial statements

Main position held outside the Company in 2017
- Legal Manager of ALMITAGE16.LDA (Portugal) and director (various companies)

Other directorships and positions held in companies
other than Valeo subsidiaries in 2017
- Honorary Chairman, LCL – Le Crédit Lyonnais
- Member of the Supervisory Board, Eurazeo (member of the Appointment and Compensation Committee and the Audit Committee)
- Director, Dalenys (member of the Audit Committee and the Compensation Committee)
- Vice-President, Club Med (Chairman of the Audit Committee)

Other directorships and positions previously held in companies
other than Valeo subsidiaries during the past five years
- Chairman, Économie Finance et Stratégie SAS
- Director, Tikehau

Experience
Georges Pauget has extensive experience in finance and banking, having spent most of his career with the Crédit Agricole group where he was Chief Executive Officer from September 2005 to March 2010. As Lead Director of Valeo and Chairman of the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee, he has also acquired considerable experience in the corporate governance of listed companies.

He was Chief Executive Officer of the Crédit Agricole SA Group from 2005 to 2010. He was also the permanent representative of Crédit Agricole SA on the Supervisory Board of Fonds de Garantie des Dépôts and Chief Operating Officer, a member of the Executive Committee and Director of the Regional Banks division of Crédit Agricole SA.

He served as Chairman of the Board of Directors of LCL – Le Crédit Lyonnais, and Chairman of the Board of Directors of Calyon until March 2010. Chief Executive Officer and Chairman of the Executive Committee of LCL – Le Crédit Lyonnais, permanent representative of LCL – Le Crédit Lyonnais at the Fondation de France, and Chairman of the Executive Committee of the French Banking Federation (2008 to 2009). He was also Chairman of the Board of Directors of Viel & Cie until March 14, 2012.

He was previously Scientific Director of the Chair of Asset Management and Adjunct Professor at Université de Paris Dauphine, lecturer at Institut d’études politiques de Paris (IEP) and Visiting Professor at the University of Beijing until 2015. He also served as Chairman of Économie Financie et Stratégie SAS.

Georges Pauget is a Doctor of Economic Sciences.
He is a French citizen and speaks French, English, Spanish and Italian.

* Listed company (for directorships and positions currently held)
ULRIKE STEINHORST
Independent director
Chair of the Strategy Committee and member of the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee

German
Age: 66
3, villa du Coteau,
92140 Clamart, France

Number of shares held: 1,500
First appointed: 02/24/2011
Start of current term of office: 05/26/2016
End of current term of office: Shareholders’ Meeting called to approve the 2019 financial statements

Main position held outside the Company in 2017
- Director, Mersen SA (Chair of the Governance, Appointment and Remuneration Committee and member of the Strategy Committee) and Albioma SA (Chairman of the Compensation Committee)
- President, Nuria Consultancy, a consulting firm

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
- Director, F2I (UIMM), the Franco-German Chamber of Commerce and Industry and École nationale supérieure des Mines de ParisTech

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
- Strategy, Planning and Finance Director, Airbus group’s Technical Corporate division (until the end of 2015, then Advisor to the Chief Technical Officer until June 2017)
- Director, Imagine (genetic disease research institute) (until December 2016)
- Chief of Staff to the Executive Chairman of EADS

Experience
Ulrike Steinhorst, a German citizen, has extensive experience in top-level corporate positions, mainly at EDF, Degussa AG group and EADS, with a strong focus on international business and strategy.

She started her career in France at the office of the Minister for European Affairs. In 1990, she joined Electricité de France. From 1990 to 1998, she held a number of positions in the International division, then within the General Management of the group, before becoming head of the International Subsidiaries in the Industrial division. In 1999, she joined the Degussa AG group in Germany (Head of Human Resources of a division, and then Vice-President, Executive Development). She later headed the subsidiary Degussa France before heading up the group’s representative office in Brussels.

In 2007, she joined EADS where she served as Chief of Staff to the Executive Chairman. From 2012 to the end of 2015, she served as Strategy, Planning and Finance Director of the Technical Corporate division before serving as Advisor to the Chief Technical Officer (until June 2017).

Ulrike Steinhorst is a German lawyer and graduate of CPA/HEC, Université Paris II – Panthéon (post-graduate degree) and École nationale d’administration (ENA).

She is a German citizen and speaks German, English and French.

◆ Listed company (for directorships and positions currently held).
VÉRONIQUE WEILL
Independent director
Member of the Strategy Committee

French
Age: 58

Publicis Groupe
133, avenue des Champs-Élysées,
75008 Paris, France

Number of shares held: 2,390
First appointed: 05/26/2016
Start of current term of office: 05/23/2017
End of current term of office: Shareholders’ Meeting called to approve the 2020 financial statements

Main position held outside the Company in 2017
- General Manager responsible for IT, Real Estate, Insurance and M&A at Re:Sources, Publicis Groupe

Other directorships and positions held in companies other than Valeo subsidiaries in 2017
- Chief Customer Officer, AXA group (until January 18, 2017)
- Chief Executive Officer, AXA Global Asset Management (until January 18, 2017)
- Director, Gustave Roussy Foundation and the Louvre Museum
- Chair of the Board of Directors (until January 18, 2017), AXA Assicurazioni Spa (Italy), AXA Aurora Vida, SA De Seguros Y Reaseguros (Spain), AXA Pensioes SA, Entidad Gestora De Fondos De Pensiones, Sociedad Unipersonal (Spain), AXA Seguros Generales SA De Seguros Y Reaseguros (Spain), AXA Vida SA De Seguros Y Reaseguros (Spain), AXA Global Direct SA (France) and AXA Banque Europe (Belgium)
- Director (until January 18, 2017), AXA Assistance SA (Italy), AXA MPS Assicurazioni Danni SpA (Italy) and AXA MPS Assicurazioni Vita SpA (Italy)
- Director, BBH Holdings Ltd (Bartle Bogle Hegarty) – Publicis Groupe

Other directorships and positions previously held in companies other than Valeo subsidiaries during the past five years
- Member of the Scientific Board, AXA Research Fund

Experience
Véronique Weill has a strong background in finance and M&A, as well as insurance, having spent more than 20 years in investment banking in the United States and France and then at AXA. She also has extensive experience in new and digital technologies.

Véronique Weill spent more than 20 years at J.P. Morgan, where she held various positions including global head of operations for the investment banking business and global head of IT and operations for the asset management and private banking business. In June 2006, she joined AXA as Chief Executive Officer of AXA Business Services and Director of Operational Excellence. She was also Chair and a director of various AXA subsidiaries in France, Spain, Italy and Belgium.

She was Chief Customer Officer for the AXA group and Chief Executive Officer of AXA Global Asset Management until January 18, 2017, as well as a member of the Scientific Board of the AXA Research Fund.

Véronique Weill is a graduate of Institut d’études politiques de Paris (IEP) and has a bachelor’s degree in literature from the Sorbonne University.

She is a French citizen and speaks French and English.
Report of the Board of Directors

This report describes the proposed resolutions that are being submitted to the General Shareholders’ Meeting by the Board of Directors. Its purpose is to draw your attention to the important points in the proposed resolutions, in accordance with applicable laws and regulations and with best corporate governance practices for companies listed in Paris. It is not intended as an exhaustive guide; therefore it is essential that you read the proposed resolutions carefully before exercising your vote.

The presentation of the financial situation, business and performance of Valeo and its Group over the past financial year, as well as various information required by applicable legal and regulatory provisions, also appear in the report on the financial year ended December 31, 2017 which you are invited to read.

Madam, Sir, dear Shareholders,

We have convened this combined General Shareholders’ Meeting (ordinary and extraordinary) of Valeo S.A. (the “Company”) to submit for your approval thirteen resolutions described in this report.

I. Resolutions within the powers of the Ordinary General Shareholders’ Meeting

A. Approval of financial statements and allocation of earnings (first, second and third resolutions)

The General Shareholders’ Meeting is first convened to approve the parent company financial statements (first resolution) and the consolidated financial statements (second resolution) of the Company for the financial year ended December 31, 2017, to allocate the earnings and to set the dividend (third resolution) (please refer to the term “dividend” in the glossary for tax-related information relating to the dividend for the past three financial years).

The parent company financial statements for the financial year ended December 31, 2017 show a profit of 318,217,937.52 euros. The Board of Directors of the Company proposes to pay a dividend of 1.25 euros per share for each share entitled to dividends, the same as the dividend paid for the financial year ended December 31, 2016, and corresponding to a distribution rate of 34%, a two-point increase.

The distributable profit of the Company (profit of the financial year ended December 31, 2017 of 318,217,937.52 euros and previous retained earnings of 1,466,675,434 euros) for the financial year ended December 31, 2017 amounts to 1,784,893,372 euros. Following the decision to pay a dividend of 1.25 euros per share for each share entitled to dividends, i.e. 297,405,000 euros, the balance of the distributable profit recorded in the “retained earnings” account amounts to 1,487,488,372 euros. The ex-dividend date will be June 4, 2018, the record date will be June 5, 2018 and the payment date will be as from June 6, 2018.

First resolution

(Approval of the parent company financial statements for the financial year ended December 31, 2017)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for Ordinary General Shareholders’ Meetings, having considered the Board of Director’s management report, the Board of Director’s report and the Statutory Auditors’ general report, as well as the parent company financial statements for the financial year ended December 31, 2017 which include the balance sheet, the income statement and the notes, approves the parent company financial statements for the financial year ended December 31, 2017, as presented, and all of the transactions reflected in these financial statements and summarised in these reports, which show, for this financial year, a profit amounting to 318,217,937.52 euros.
Second resolution
(Approval of the consolidated financial statements for the financial year ended December 31, 2017)
The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for Ordinary General Shareholders’ Meetings, acknowledges that the parent company financial statements for the financial year ended December 31, 2017 as approved by this General Shareholders’ Meeting, show profits for the financial year of 318,217,937.52 euros and decides, on the proposal of the Board of Directors, to allocate these profits as follows:

<table>
<thead>
<tr>
<th>Profits</th>
<th>€318,217,938</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings previously retained</td>
<td>€1,466,675,434</td>
</tr>
<tr>
<td>Distributable earnings</td>
<td>€1,784,893,372</td>
</tr>
<tr>
<td>Allocation to dividend</td>
<td>€297,405,006(1)</td>
</tr>
<tr>
<td>Balance recorded in retained earnings</td>
<td>€1,487,488,372</td>
</tr>
</tbody>
</table>

(1) The total amount of the distribution referred to above is calculated based on the number of shares entitled to dividends as at December 31, 2017, i.e. 232,924,006 shares, and may vary if the number of shares entitled to dividends changes between January 1, 2018 and the ex-dividend date, depending in particular on the number of treasury shares, as well as the final allocation of free shares and exercise of options (if the beneficiary is entitled to a dividend in accordance with the provisions of the relevant plans).

The dividend is set at 1.25 euros per share for each of the shares entitled to dividends.

The dividend will be paid on June 6, 2018, it being understood that the ex-dividend date will be June 4, 2018 and the record date will be June 5, 2018. It is specified that if, at the time such dividends are paid, the Company holds treasury shares, the sums corresponding to the unpaid dividends in respect of these shares will be allocated to the “retained earnings” account.

The French Financial bill No. 2017-1837 dated as of December 30, 2017 for the year 2018 brought changes to the dividends taxation scheme. When paid to individuals who are tax residents in France, the gross dividend is either submitted to a unique withholding deduction (Article 200 A, 2. and 158, 3-1° of the French General Tax Code), or is, as an option, taxed at a progressive rate after a 40% tax at a flat rate of 12.8% (Article 200 A of the French General Tax Code), or is, as an option, taxed at a progressive rate after a 40% tax at a flat rate of 12.8% (Article 200 A of the French General Tax Code). This option is to be exercised at the date of the submission of the income tax return and at the latest by the date when the filing is due. Furthermore, the dividend is submitted to social security contributions at a rate of 17.2%.

Pursuant to the applicable laws, the General Shareholders’ Meeting acknowledges that the dividends distributed over the last three financial years prior to the 2017 financial year were as follows:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Number of shares entitled to dividends</th>
<th>Dividend per share (in euros)</th>
<th>Total (in millions of euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>77,762,218(1)</td>
<td>2.20</td>
<td>172.1(2)</td>
</tr>
<tr>
<td>2015</td>
<td>78,797,896(1)</td>
<td>3</td>
<td>236.4(2)</td>
</tr>
<tr>
<td>2016</td>
<td>232,254,525</td>
<td>1.25</td>
<td>296.6(2)</td>
</tr>
</tbody>
</table>

(1) Number of shares entitled to dividends before 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.
(2) Amounts which are eligible for the 40% tax deduction applying to individuals who are tax residents in France pursuant to Article 158, 3-2° of the French General Tax Code.

Third resolution
(Allocation of earnings for the financial year ended December 31, 2017 and setting of the dividend)
The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for Ordinary General Shareholders’ Meetings, acknowledges that the parent company financial statements for the financial year ended December 31, 2017 as approved by this General Shareholders’ Meeting, show profits for the financial year of 318,217,937.52 euros and decides, on the proposal of the Board of Directors, to allocate these profits as follows:

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The dividend is set at 1.25 euros per share for each of the shares entitled to dividends.

The dividend will be paid on June 6, 2018, it being understood that the ex-dividend date will be June 4, 2018 and the record date will be June 5, 2018. It is specified that if, at the time such dividends are paid, the Company holds treasury shares, the sums corresponding to the unpaid dividends in respect of these shares will be allocated to the “retained earnings” account.

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The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for the Group, the Board of Director’s report and the Statutory Auditors’ general report, as well as the Company’s consolidated financial statements for the financial year ended December 31, 2017 which include the balance sheet, the income statement and the notes, approves the consolidated financial statements for the financial year ended December 31, 2017, as presented, and all of the transactions reflected in these financial statements and summarised in these reports.

Third resolution
(Allocation of earnings for the financial year ended December 31, 2017 and setting of the dividend)
The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for Ordinary General Shareholders’ Meetings, acknowledges that the parent company financial statements for the financial year ended December 31, 2017 as approved by this General Shareholders’ Meeting, show profits for the financial year of 318,217,937.52 euros and decides, on the proposal of the Board of Directors, to allocate these profits as follows:

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The dividend is set at 1.25 euros per share for each of the shares entitled to dividends.

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The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for the Group, the Board of Director’s report and the Statutory Auditors’ general report, as well as the Company’s consolidated financial statements for the financial year ended December 31, 2017 which include the balance sheet, the income statement and the notes, approves the consolidated financial statements for the financial year ended December 31, 2017, as presented, and all of the transactions reflected in these financial statements and summarised in these reports.

B. Approval of the related party agreements (fourth resolution)
Certain agreements entered into by the Company in connection with its activities are subject to a specific procedure: they include, in particular, (i) agreements that may be directly or indirectly entered into between the Company and any other company with which it has corporate officers in common, or between the Company and its corporate officers or a shareholder holding more than 10% of the share capital of the Company and (ii) certain undertakings given to executive corporate officers.

Pursuant to the provisions of Articles L. 225-38 et seq. of the French Commercial Code, any new “related party” agreements, including the undertakings referred to in Article L. 225-42-1 of the same Code, are subject to the prior approval of the Board of Directors and, once entered into, gives rise to a special report of the Statutory Auditors, following which it must be approved by the Ordinary General Shareholders’ Meeting.

The special report of the Company’s Statutory Auditors on the agreements and undertakings governed by Articles L. 225-38 et seq. of the French Commercial Code describes the agreements and undertakings previously authorised by the General Shareholders’ Meeting and which remain in force during the financial year ended December 31, 2017. These agreements and undertakings do not therefore require any new approval from you. You are thus invited, under the fourth resolution, to acknowledge that no new agreement or undertaking was authorised and entered into over the financial year ended December 31, 2017 that has not already been approved by the General Shareholders’ Meeting.

The agreements and commitments which continued are the following:

(a) the undertaking made to Jacques Aschenbroich concerning a life insurance policy covering death, disability or any other consequence of an accident occurring during business travel (authorised by the Board of Directors on April 9, 2009, and approved by the General Shareholders’ Meeting of June 3, 2010);

(b) the non-competition payment granted to Jacques Aschenbroich pursuant to which he is prohibited from collaborating in any manner whatsoever with an automotive supplier and, more generally, any of Valeo’s competitor for a period of 12 months following the end of his term of office as Valeo’s Chief Executive Officer regardless of the reason. If this clause were
PRESENTATION OF THE PROPOSED RESOLUTIONS

C. Ratification/renewal/appointment of members of the Board of Directors (fifth, sixth, seventh and eighth resolutions)

The Board of Directors is, as of the date of this report, composed of 13 members, including a director representing employees appointed by the Group Committee on June 30, 2017.

The terms of office of three directors – Bruno Bézard (co-opted on October 24, 2017 to replace Jérôme Contamine), Daniel Camus and Noëlle Lenoir will expire at the end of this General Shareholders’ Meeting.

The Board of Directors’ proposals for ratifications, renewals and appointments are described below.

Ratification of co-optation of Bruno Bézard as director (fifth resolution)

As a reminder, pursuant to the applicable laws and regulations, the Board of Directors may make temporary appointments for the remaining term of office of directors who have left the company. These co-optations shall then be ratified by the Shareholders’ General Meeting.

On October 24, 2017, the Board of Directors decided, further to the recommendation of the Governance, Appointment and Corporate Social Responsibility Committee (the “CGNRSE”), to co-opt Bruno Bézard to replace Jérôme Contamine. This enables the Board of Directors to benefit from Bruno Bézard’s recognized expertise as described below in his biography.

Bruno Bézard is considered to be an independent director with respect to the criteria set out in the Internal Rules of the Board of Directors and in the Corporate Governance Code for Listed Companies drawn up by the AFEP and the MEDEF and published in November 2016 (the “AFEP-MEDEF Code”), to which the Company refers. The assessment of Bruno Bézard’s independence was confirmed by the CGNRSE and the Board of Directors on the date of this report, and appears in section 3.2.1 “Composition of the Board of Directors”, subsection “Independence of directors”, part “Director independence review upon preparation of the Annual Report” of the Company’s 2017 Reference Document, pages 99 to 100.

You are invited to ratify the Board of Directors’ co-optation of Bruno Bézard as a member of the Board of Directors replacing Jérôme Contamine, for the remaining term of office expiring at the end of the General Shareholders’ Meeting called to approve the financial statements for the financial year ended December 31, 2017.

Fourth resolution

(Approval of agreements and undertakings governed by Articles L. 225-38 et seq. of the French Commercial Code)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for Ordinary General Shareholders’ Meetings, having considered the Board of Director’s report and the Statutory Auditors’ special report on agreements and undertakings governed by Articles L. 225-38 et seq. of the French Commercial Code, acknowledges that the Statutory Auditors have not been advised of any new agreement or undertaking authorised by the Board of Directors during the financial year ended December 31, 2017 and not already approved by the General Shareholders’ Meeting, and approves this special report.
**PRESENTATION OF THE PROPOSED RESOLUTIONS**

**Biography of Bruno Bézard**

Bruno Bézard has experience in the most prestigious roles in the French civil service, spanning the economic, industrial and financial spheres, as well as in the private equity world. In addition, over the past few years he has gained in-depth knowledge of China, where he lived for several years and has spent a substantial amount of time in his current position. He also speaks the language.

He was Head of the French Public Finance Administration after spending two years as Minister-Advisor in Beijing, overseeing France’s Greater China Regional Economic Department. He created, and then headed, the French State Shareholding Agency (APE), representing the State as a shareholder on a large number of company boards and acquiring vast experience in corporate governance and mergers & acquisitions.

For example, he has held a seat on the Boards of EDF, SNCF, Areva, La Poste, Thalès, Air France, Engie, PSA and the Fonds Stratégique d’Investissement (FSI). He was Head of the French Treasury and President of the Paris Club before joining Cathay Capital as Managing Partner in 2016, a private equity fund that invests in startups, SMEs and middle-market companies, and supports their international development in Europe, the United States and China.

An Inspector General of Finance, Bruno Bézard is a graduate of École polytechnique and École nationale d’administration (ENA), and taught at both schools for a number of years.

He is a French citizen and speaks French, English, Chinese and Russian.

As at the date of this report (March 22, 2018), he held 1,500 Company’s shares.

**Renewal of Bruno Bézard and Noëlle Lenoir’s terms of office (sixth and seventh resolutions)**

Further to the recommendation of the CGNRSE, the Board of Directors suggests that the General Shareholders’ Meeting renew the terms of office of Bruno Bézard (sixth resolution) and Noëlle Lenoir (seventh resolution) as directors for a new period of four years which will expire at the end of the General Shareholders’ Meeting called to approve the financial statements for the financial year ending December 31, 2021.

Information on Bruno Bézard is set out above.

As regards Noëlle Lenoir, she has been a director of the Company since June 3, 2010 and she is also a member of the Audit and Risk Committee. She is considered independent with respect to the criteria set out in the Internal Rules of the Board of Directors and in the AFEP-MEDEF Code, to which the Company refers. The assessment of Noëlle Lenoir’s independence was confirmed by the CGNRSE and the Board of Directors as at the date of this report, and appears in section 3.2.1 “Composition of the Board of Directors”, subsection “Independence of directors”, part “Director independence review upon preparation of the Annual Report” of the Company’s 2017 Reference Document, pages 99 to 100.

The renewal of Noëlle Lenoir as a director will enable the Board of Directors to continue benefiting from her expertise as described below in her biography.

**Biography of Noëlle Lenoir**

A practising lawyer, Noëlle Lenoir has held several very high-level positions in the French government during her career. As well as being the first woman to be appointed as a member of the French Constitutional Council (Conseil constitutionnel) (1992-2001), she was Deputy Minister of European Affairs from 2002 to 2004. Apart from her extensive knowledge of the workings of the French government and European institutions, she also brings to the Board the benefit of her considerable legal experience in European regulations, competition law and compliance.

She worked as a partner in the law firms Debevoise & Plimpton LLP (2004-2009) and Jeantet et Associés before joining Kramer Levin Naftalis & Frankel LLP in 2011. She was also a member of the Conseil d’État (France’s highest administrative court) and the French Constitutional Council (Conseil constitutionnel), a director of Generali France, Ethics Officer at the French National Assembly, a director of the Law Committee of the French Senate, a director of the French Data Protection Authority (Commission Nationale de l’Informatique et des Libertés) and Mayor of Valmondois (Val-d’Oise).

Noëlle Lenoir is a graduate of Institut d’études politiques de Paris (IEP) and holds a postgraduate degree in public law.

She is a French citizen and speaks French and English.

As at the date of this report (March 22, 2018), she held 3,000 Company’s shares.
PRESENTATION OF THE PROPOSED RESOLUTIONS

Appointment of Gilles Michel as director of the Company (eighth resolution)

Daniel Camus’s term of office will expire at the end of this General Shareholders’ Meeting. As a member of the Board of Directors since May 17, 2006, he will lose his independent status on May 17, 2018. In these circumstances and in accordance with Article 1.2(b)(vi) of the Internal Rules of the Board of Directors, it has been decided that his term of office as director will not be renewed. As part of the Board renewal plan, the Board of Directors and the CGNRSE have reviewed applications to the Board of Directors and suggested, based on that review, to support the application of Gilles Michel and invite the General Shareholders’ Meeting to appoint him as director of the Company for a period of four years which will expire at the end of the General Shareholders’ Meeting called to approve the financial statements for the financial year ending December 31, 2021.

This appointment will enable the Board of Directors to benefit from Gilles Michel’s expertise as described in below in his biography.

Gilles Michel would be considered as an independent director with respect to the criteria set out in the Internal Rules of the Board of Directors and in the AFEP-MEDEF Code, to which the Company refers.

Biography of Gilles Michel

Currently Chairman and Chief Executive Officer of Imerys, Gilles Michel also has considerable experience in the automotive sector, having spent several years in managerial positions at PSA Peugeot Citroën where he was, in particular, Head of the Citroën brand and a member of the Peugeot S.A. Management Board.

Gilles Michel began his career at ENSAE, then the World Bank in Washington D.C. before joining the Saint-Gobain group in 1986 where he held various executive positions, in the US in particular, for sixteen years, before being appointed as President of the Ceramics & Plastics division in 2000. He then joined PSA Peugeot-Citroën in 2001 as Head of Platforms, Techniques and Purchasing, then as Head of the Citroën brand and member of the Peugeot S.A. Management Board. On December 1, 2008, Gilles Michel took over executive management of the Strategic Investment Fund (FSI), which is responsible for acquiring stakes in the share capital of companies of strategic importance to the growth and competitive status of the French economy. He has been Chairman and Chief Executive Officer of Imerys since April 28, 2011, after having served as a director and Deputy Chief Executive Officer since November 3, 2010.

Gilles Michel has degrees from École polytechnique, École nationale de la statistique et de l’administration économique, and from Institut d’études politiques de Paris (IEP).

A French national, Gilles Michel (age 62) speaks French and English.

He will have to hold 1,500 shares within the statutory time frame.

Fifth resolution
(Ratification of co-optation of Bruno Bézard as Director)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for Ordinary General Shareholders’ Meetings, having considered the Board of Director’s report, hereby ratifies the co-optation by the Board of Directors of Bruno Bézard as Director of the Company, replacing Jérôme Contamine for the latter’s remaining term of office expiring at the end of the General Shareholders’ Meeting called to approve the financial statements for the financial year ended December 31, 2017.

Sixth resolution
(Renewal of Bruno Bézard’s term of office as Director)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for Ordinary General Shareholders’ Meetings, having considered the Board of Director’s report and acknowledging that Bruno Bézard’s term of office expires at the end of this General Shareholders’ Meeting, decides to renew such term of office for a new period of four (4) years which will expire at the end of the General Shareholders’ Meeting called to approve the financial statements for the financial year ending December 31, 2021.

Seventh resolution
(Renewal of Noëlle Lenoir’s term of office as Director)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for Ordinary General Shareholders’ Meetings, having considered the Board of Director’s report and acknowledging that Noëlle Lenoir’s term of office expires at the end of this General Shareholders’ Meeting, decides to renew such term of office for a new period of four (4) years which will expire at the end of the General Shareholders’ Meeting called to approve the financial statements for the financial year ending December 31, 2021.
PRESENTATION OF THE PROPOSED RESOLUTIONS

Eighth resolution

(Appointment of Gilles Michel as Director)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for Ordinary General Shareholders’ Meetings, having considered the Board of Director’s report, hereby appoints Gilles Michel as Director of the Company, replacing Daniel Camus whose term of office will expire at the end of this General Shareholders’ Meeting, for a period of four (4) years which will expire at the end of the General Shareholders’ Meeting called to approve the financial statements for the financial year ending December 31, 2021.

D. Approval of the compensation components paid or awarded to the Chairman and Chief Executive Officer for the financial year ended December 31, 2017 – ex post vote (ninth resolution)

Pursuant to Article L. 225-100 of the French Commercial Code, when the General Shareholders’ Meeting votes on the compensation policy over the course of the previous financial year (ex ante vote), it is called to approve, over the course of the following financial year, the fixed, variable, and exceptional components of total compensation and benefits of all kinds paid or awarded to the Chairman and Chief Executive Officer for the previous financial year (ex post vote). It is therefore noted that the payment of variable compensation components is subject to the approval of the General Shareholders’ Meeting of the compensation components as part of the ex post vote.

The compensation components paid or awarded to the Chairman and Chief Executive Officer for the financial year ended December 31, 2017 pursuant to the 2017 compensation policy approved by the General Shareholders’ Meeting on May 23, 2017 under its tenth resolution (the “2017 Compensation Policy”), are set out in section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation of Jacques Aschenbroich, Chairman and Chief Executive Officer, for the year ended December 31, 2017 and prior years”, part “Compensation in respect of the year ended December 31, 2017” of the Company’s 2017 Reference Document, pages 149 to 153, and also reproduced in Appendix 1 hereto. Moreover, in accordance with AFEP proposals, a table summarising the components paid or awarded to Jacques Aschenbroich for the financial year ended December 31, 2017 pursuant to the 2017 Compensation Policy, drawn up on the basis of the table appearing in the AFEP-MEDEF Code implementation guide, is appended hereto as Appendix 1.

Under the ninth resolution, we propose that you approve the following compensation components paid or awarded by Valeo to Jacques Aschenbroich for the financial year ended December 31, 2017, pursuant to the 2017 Compensation Policy, for his role as Chairman and Chief Executive Officer covering:

- the amount of his annual fixed compensation: 1,000,000 euros;
- the amount of his annual variable compensation: 1,279,000 euros representing 127.9% of his fixed annual compensation (out of a maximum amount of 170%), based on demanding criteria and despite Valeo’s excellent results for 2017 (12% growth in turnover, 11% growth in operating margin and 8% growth in net income (excluding a non-recurring expense of 117 M€ tied to the decline in the value of deferred tax assets proportional to the lower tax rate on companies in the United States));
- the number and accounting valuation of the performance shares allocated to him in 2017: 51,030 performance shares valued in accordance with IFRS at 2,699,997 euros, it being specified that the final allocation of these shares is subject to the demanding performance conditions described in Appendix 1;
- the valuation of benefits in kind (Company car, annual contribution to the Garantie sociale des chefs et dirigeants d’entreprise insurance scheme and annual contribution to pension fund (prévoyance)) granted to him: 24,539 euros;
- the non-competition payment and the benefit of the pension plan granted to him, (i) it being recalled that Jacques Aschenbroich is not entitled to any termination benefits and (ii) it being specified that no compensation or annuity in relation to these compensation components was awarded or paid for the financial year ended December 31, 2017.

Ninth resolution

(Approval of the compensation components paid or allocated to the Chairman and Chief Executive Officer for the financial year ended December 31, 2017)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for Ordinary General Shareholders’ Meetings, acting pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code and having considered the Board of Directors’ report referred to in Article L. 225-37 of the French Commercial Code, approves the fixed, variable and exceptional components of total compensation and benefits of all kinds paid or awarded to the Chairman and Chief Executive Officer for the financial year ended December 31, 2017 as presented in the aforementioned report and as appearing in the 2017 Reference Document, section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation of Jacques Aschenbroich, Chairman and Chief Executive Officer, for the year ended December 31, 2017 and prior years”, part “Compensation in respect of the year ended December 31, 2017”, pages 149 to 153, and reproduced in Appendix 1 of the Board of Directors’ report.

E. Approval of the compensation policy applicable to the Chairman and Chief Executive Officer (tenth resolution)

Under the tenth resolution, we propose that you approve the compensation policy applicable to the Chairman and Chief Executive Officer and prepared pursuant to Article L. 225-37-2 of the French Commercial Code, on the principles and criteria for determining, allocating, and awarding the fixed, variable and exceptional components of total compensation and benefits of all kinds that may be awarded to the Chairman and Chief Executive Officer as presented in the 2017 Reference Document including the report provided for in Articles L. 225-37 and L. 225-37-2 of the French Commercial Code, section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation policy for the Chairman and Chief Executive Officer,” part “Compensation policy for the Chairman and Chief Executive Officer for the year ending December 31, 2018” of the Company’s 2017 Reference Document, pages 145 to 149 (the “DDR 2018 Compensation Policy Section”) and reproduced in Appendix 2 to this report (the “2018 Compensation Policy”).
PRESENTATION OF THE PROPOSED RESOLUTIONS

You will notice when reading the 2018 Compensation Policy that the fixed annual compensation amount, the maximum annual variable compensation amount, and long-term compensation (performance shares) are unchanged from those in the 2017 Compensation Policy approved by the General Shareholders’ Meeting of May 23, 2017 under its tenth resolution. In addition, certain adjustments have been made to the variable compensation as described in the DOR 2018 Compensation Policy Section and in Appendix 2. In particular, the annual variable compensation will now depend upon (i) the same quantifiable criteria as those used in the 2017 Compensation Policy, with a change in their respective weighting and (ii) similar qualitative criteria as those used in the 2017 Compensation Policy, subject to a few changes, including the creation of a fully-fledged “corporate social responsibility” criterion and adjustment of certain qualitative sub-criteria, with a change in the respective weighting of each qualitative criterion.

Tenth resolution
(Approval of the compensation policy applicable to the Chairman and Chief Executive Officer)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for Ordinary General Shareholders’ Meetings, acting pursuant to Article L. 225-37-2 of the French Commercial Code and having considered the Board of Directors’ report referred to in Article L. 225-37 of the French Commercial Code, approves the principles and criteria governing the determination, allocation and award of the fixed, variable and exceptional components of total compensation and benefits of all kinds that may be awarded to the Chairman and Chief Executive Officer as presented in the aforementioned report and as appearing in the 2017 Reference Document, section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation policy for the Chairman and Chief Executive Officer”, part “Compensation policy for the Chairman and Chief Executive Officer for the year ending December 31, 2018”, pages 145 to 149, and reproduced in Appendix 2 of the Board of Director’s report.

F. Share buyback program
(eleventh resolution)

Possible reasons for use of the resolution

Companies whose shares are admitted to trading on a regulated market may decide to set up buyback programs of their own shares, under the conditions provided for under the applicable laws and regulations.

During the financial year ended December 31, 2017, the Company used the authorisations granted by the General Shareholders’ Meetings of May 26, 2016 and May 23, 2017, pursuant to the eighteenth and eleventh resolutions, respectively, for the purpose of proceeding with the buyback of its own shares. These authorisations have been implemented to ensure (i) the market-making in the Company’s share pursuant to a liquidity contract compliant with the AMAFI Code of Ethics (French Financial Markets Association, formerly known as Association Française des Entreprises d’Investissement) executed with an investment services provider on April 22, 2004, and (ii) the coverage of the implementation of any stock option plan, performance shares plan, awards of shares to employees, and the implementation of any Company savings plans. Detailed information on these transactions is provided for in Section 6.5 “Share buyback program” of the Company’s 2017 Reference Document, pages 425 to 427. It should also be noted that the Company announced on March 8, 2018 that it has entered into a contract with an investment services provider for the 2018 financial year, as part of its share buyback program, to cover the implementation of any stock option plan, performance shares plan, award of shares to employees, and the implementation of any Company savings plan.

Conditions for implementation

In so far as the authorisation granted by the General Shareholders’ Meeting of May 23, 2017, will expire during the 2018 financial year, Shareholders are invited to renew the authorisation allowing the Board of Directors to carry out transactions in shares issued by the Company for the purpose of:

- implementing any stock option plan enabling the acquisition of Company’s shares, in particular by any employee or corporate officer;
- allocating free shares, in particular, to employees and corporate officers;
- allocating or selling shares to employees as part of their involvement in the performance and growth of the Company or the implementation of any employee savings plan (or similar plan) under the conditions set out by the laws;
- generally, complying with obligations in respect of stock option plans or other allocations of shares to employees or corporate officers;
- delivering shares upon exercise of the rights attached to securities giving access to the share capital;
- retaining and subsequently delivering these shares in the context of external growth transactions, mergers, spin-offs or contributions;
- cancelling all or part of the repurchased shares;
- ensuring the market-making in the secondary market or the liquidity of the Company’s share through an investment services provider pursuant to a liquidity contract compliant with the Code of ethics recognised by the French Financial Markets Authority (Autorité des marchés financiers).

This program is also intended to allow the Company to carry out any market practice that may become authorised by market authorities, and generally, the completion of any other transaction in accordance with laws and regulations that are or may become applicable. In this case, the Company will inform its shareholders by way of a press release.

The transactions would be carried out by any means which is or may be authorised by the applicable laws and regulations.

The Board of Directors would be granted full powers (with powers to sub-delegate under the conditions set out by the applicable laws) to implement this resolution.

The resolution may be implemented at any time. However, without prior consent from the General Shareholders’ Meeting, the Board of Directors may not use this authorisation following the submission by a third party of a proposed public tender offer for the securities of the Company and until the end of the offer period.

Share repurchase price

The maximum repurchase price is set at 100 euros per share.
Ceiling

The maximum number of shares that may be bought by the Company or a third party on behalf of the Company is set at 10% of the Company’s share capital or 5% of the share capital in the event of shares acquired in view of their retention and future delivery in connection with external growth transactions, at any time, as adjusted to reflect transactions affecting the share capital subsequently to this General Shareholders’ Meeting.

The maximum amount of funds that the Company may allocate to this share buyback program would be 2,396,531,200 euros.

It is specified that, in compliance with applicable laws, the Company may not hold more than 10% of its own share capital.

Period of validity

The authorisation would be valid for a period of 18 months as from this General Shareholders’ Meeting and would cancel, as of the same date, the unused portion as at the date of this General Shareholders’ Meeting, of the authorisation granted by the General Shareholders’ Meeting of May 23, 2017, under its eleventh resolution.

The proposed resolution is included in the summary table attached in Appendix 3 of this report.

Eleventh resolution

(Authorisation to the Board of Directors to carry out transactions in shares issued by the Company)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for Ordinary General Shareholders’ Meetings, having considered the Board of Director’s report:

1. authorises the Board of Directors, with powers to sub-delegate under the conditions set out by law, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, Articles 241-1 et seq. of the General Regulations of the French Financial Markets Authority, Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014, Delegated Regulation 2016/1052 of the Commission of March 8, 2016, and with standard market practices accepted by the French Financial Markets Authority, to purchase or arrange for the purchase of the Company’s shares, for the purpose of:

   - the implementation of any stock option plan enabling acquisition, in return for payment of any kind, of Company’s shares under the terms of Articles L. 225-177 et seq. of the French Commercial Code, or other similar plan, in particular by any employee or corporate officer of the Company or of any company or entity that is related to the Company in accordance with the provisions of Article L. 225-180 of the French Commercial Code, or any other beneficiary who could, in compliance with the applicable laws, be entitled to such options; or
   - the allocation of free shares under the terms of Article L. 225-197-1 et seq. of the French Commercial Code or any similar plan, in particular, to any employee of the Company or of companies or entities or groups that are related to the Company in accordance with the provisions of Article L. 225-197-2 of the French Commercial Code or any similar plan, to any corporate officer of the Company or of companies or entities or groups that are related to the Company in accordance with the provisions of Article L. 225-197-1, II of the French Commercial Code, or to any other beneficiary authorised by law to be granted such shares; or
   - the allocation or sale of shares to employees as part of their involvement in the performance and growth of the Company or pursuant to a Company or Group employee savings plan (or similar plan) in accordance with the applicable laws, in particular Articles L. 3332-1 et seq. of the French Labour Code; or
   - as a general matter, complying with obligations in respect of stock option plans or other allocation of shares to employees or corporate officers of the issuer or of a related company; or
   - the delivery of shares upon exercise of the rights attached to securities giving access to the share capital by redemption, conversion, exchange, presentation of a warrant or any other means; or
   - retaining a number of shares representing no more than 5% of the Company’s share capital, in order to ultimately deliver them (as exchange consideration, payment or other) in connection with external growth transactions, mergers, spin-offs or contributions; or
   - the cancellation of all or part of the securities so acquired, or
   - the market-making in the secondary market or maintenance of the liquidity of the Valeo share through an investment services provider acting independently in the name and on behalf of and without being influenced by the Company, pursuant to a liquidity contract compliant with the Code of ethics recognised by, and in accordance with market practices accepted by the French Financial Markets Authority;
   - as a general matter, complying with market practices that may become applicable; and
   - retaining a number of shares representing no more than 5% of the Company’s share capital, in order to ultimately deliver them (as exchange consideration, payment or other) in connection with external growth transactions, mergers, spin-offs or contributions; or

2. decides that this program is also intended to allow implementation of any market practice that may become authorised by market authorities, and generally, the completion of any other transaction in accordance with laws and regulations that are or may become applicable. In this case, the Company will inform its shareholders by way of a press release;
3. decides that the total number of shares purchased by the Company during the share buy-back program may not exceed 10% of the shares composing the Company’s share capital, at any time, this percentage being applied to a share capital adjusted to reflect transactions affecting the share capital subsequent to this General Shareholders’ Meeting, i.e., for information purposes, a buy-back cap of 23,965,312 shares as at December 31, 2017, provided that (i) in accordance with Article L. 225-209 of the French Commercial Code, when shares are bought back to increase liquidity pursuant to the General Regulations of the French Financial Markets Authority, the number of shares taken into account for purposes of calculating the 10% maximum limit referred to above will be equal to the number of purchased shares reduced by the number of shares resold during the authorisation period, (ii) the number of shares acquired in view of their retention and future delivery in connection with external growth transactions, mergers, spin-offs or contributions may not exceed 5% of the Company’s share capital and (iii) the number of shares that the Company holds does not at any time exceed 10% of shares composing the Company’s share capital;

4. decides that acquisitions, sales, transfers, deliveries or exchanges of shares may be carried out by virtue of one or more transactions, by any means that are authorised or that may become authorised by the laws and/or regulations in force as at the date of those transactions, including on a regulated market, a multilateral trading facility, via a systematic internaliser or over the counter, including block purchases or sales (with no limit on the portion of the share buy-back program that could be carried out by this means), by public tender offer or public exchange offer, through the use of options or the use of any other financial instruments (including derivatives), in any case, either directly or indirectly, through an investment services provider;

5. decides that the Board of Directors will be entitled to determine the appropriate time to carry out these transactions, within the limits set out by the applicable laws and regulations. However, without prior consent from the General Shareholders’ Meeting, the Board of Directors may not use this authorisation following the submission by a third party of a proposed public tender offer for the securities of the Company and until the end of the offer period;

6. decides that (i) the maximum share purchase price under this resolution will be 100 euros per share, and (ii) the maximum aggregated amount that will be allocated to the share buy-back program set out in this resolution will amount to 2,396,531,200 euros corresponding to a maximum number of 23,965,312 shares that would be acquired at a maximum price of 100 euros per share;

7. delegates to the Board of Directors, with powers to sub-delegate under the conditions set out by the applicable laws, powers to adjust the aforementioned maximum purchase price in the event of a change in the par value of the share, share capital increase by incorporation of reserves, allocation of free securities, stock split or reverse stock split, distribution of reserves or of any other assets, amortisation of capital, or any other transaction affecting equity, so as to take account of the impact of such transactions on the value of the shares;

8. delegates full power to the Board of Directors, with powers to sub-delegate under the conditions set out by law, in particular to decide and to implement the present authorisation and, if necessary, to specify the conditions and determine the terms thereof, to carry out the share buy-back program, and in particular to place market orders, enter into any agreement, allocate or reallocate the purchased shares to the various objectives pursued, establish the terms and conditions pursuant to which, if applicable, the rights of the holders of securities, free shares or options will be preserved, in accordance with applicable legal, regulatory or contractual provisions, make any declarations to the French Financial Markets Authority or any other competent authority, and to carry out any other formalities and generally do all that is necessary;

9. sets the term of validity of this authorisation at eighteen months as from the date of this General Shareholders’ Meeting and acknowledges that, as of the same date, it cancels any unused portion of the authorisation granted to the Board of Directors by the General Shareholders’ Meeting of May 23, 2017 under its eleventh resolution.
II. Resolutions within the powers of the Extraordinary General Shareholders’ Meeting

A. Inclusion of salaried employees and corporate officers as Company shareholders: awards of existing or future shares free of charge and including automatic shareholder waiver of their preferential subscription rights (twelfth resolution)

We propose a resolution aimed at including salaried employees and corporate officers as shareholders of the Company by authorising the Board of Directors to allocate existing shares free of charge or to issue such shares to them (twelfth resolution).

Possible reasons for use of the resolutions

This resolution allows the Company to involve employees and corporate officers in the Group’s success through an incentive scheme. The purpose of the resolution is to set up plans for the attribution of free shares or performance shares, in order to incentivise and retain Group corporate officers and employees.

Implementation and ceilings

As the authorisation given by General Shareholders’ Meeting dated May 26, 2016 under its twentieth resolution will expire during the 2018 financial year, you are asked to renew the authorisation to allocate free shares. The Board of Directors, further to the recommendation of the Compensation Committee, has determined the guidelines for granting free shares or performance shares under the twelfth resolution, subject to its approval by the General Shareholders’ Meeting. The Board of Directors decided that:

- the maximum total number of free shares (including performance shares) that may be granted would be 3,485,404 shares (approximately 1.45% of the share capital as at December 31, 2017);
- the beneficiaries would be the Chairman and Chief Executive Officer and all employees;
- the allocations of free shares or performance shares to the beneficiaries will become final after a minimum vesting period of three years after their date of allocation;
- the maximum number of performance shares that could be granted to the Chairman and Chief Executive Officer would be 196,035, i.e. approximately 0.08% of the share capital as at December 31, 2017.

Please note that the maximum number of conditional performance shares that could be allocated to him, valued according to IFRS, may not exceed the maximum provided for in the applicable compensation policy. Over the 2016, 2017 and 2018 financial years, this maximum was set at 270% of his annual fixed compensation for the financial year in question, it being specified that the Board of Directors reserves the right to award a lower number of shares to the Chairman and Chief Executive Officer. Thus, for the financial year 2018, the amount of the allocation of the 55,026 performance shares to Jacques Aschenbroich, valued in accordance with IFRS, represents 260% of his annual fixed compensation, which is lower than the maximum amount of this compensation provided for in the 2018 Compensation Policy, which is set at 270%.

- the performance shares allocated to the Chairman of the Board of Directors and Chief Executive Officer and members of the Operational Committee would be submitted to demanding performance criteria to be satisfied over a three-year period:
  (i) for 80% of the grant, finalisation would depend on performance as measured over financial years Y, Y+1, and Y+2, based on two criteria already used in previous grants: the operating margin rate and the pre-tax rate of return on assets (ROA). The criteria for the operating margin rate and the ROA rate would be satisfied if, for each of these criteria, 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 financial year of reference, which must be at least equal to the guidance for the financial year in question, is equal to or greater than one, it being specified that neither the target rates as set by the Board of Directors nor the criterion used will be modified subsequently. Thereafter:
    (a) if both criteria are satisfied, all 80% of performance shares allocated will vest,
    (b) if only one criterion has been satisfied, 40% of the performance shares will vest, the remainder being forfeited,
    (c) if none of the criteria are satisfied, no performance share will vest,
  (ii) for 20% of the grant, finalisation would depend on recording a certain level of Valeo’s Total Shareholder Return (TSR) measured against the TSR of the CAC 40 index and the TSR of companies from a panel of European companies in the automotive sector set by the Board of Directors and disclosed by the Company over a three-year period starting January 1 of the year of allocation to December 31 of the year before delivery (i.e. for a 2019 plan, this would mean from January 1, 2019 to December 31, 2021). Thereafter:
    (a) if Valeo’s TSR recorded over the reference period is greater than the CAC 40 index’s TSR recorded over the reference period: 10% of allocated performance shares will vest (0% if equal or lower).
(b) If Valeo’s TSR recorded over the reference period is greater than the median of the TSRs of companies from a panel of European companies in the automotive sector over the reference period: 10% of allocated performance shares will vest (0% if equal or lower).

The panel used by the Board of Directors is not intended to evolve unless a change in the structure or business of one of the companies makes it less relevant, in which case it will be replaced by another company to maintain the greatest possible comparability between Valeo and its peers(1);

- the allocations of performance shares to Liaison Committee members (other than Operational Committee members) and the main reports of the Liaison Committee members and other Group executives would be entirely subject to performance as measured over a reference period of three financial years, based on two internal performance criteria: operating margin rate and ROA rate. The rules for satisfying these two criteria would be the same as for allocations to the Chairman and Chief Executive Officer and members of the Operational Committee, and the following scale would apply to allocations subject to performance criteria:

  a) if both criteria are satisfied, all allocated performance shares will vest,
  b) if only one criterion is satisfied, only 50% of the performance shares will vest and the remaining shares will be forfeited,
  c) if no criteria are satisfied, no performance shares will vest;

- free shares allocated to other staff members (at a lower level of responsibility) would not be subject to performance conditions;

- free shares allocated under a worldwide employee shareholding plan to participants outside France could be allocated as a type of conditional matching (abondement conditionnel). For the avoidance of doubt, it is understood that these free shares are not subject to performance criteria;

- for the Chairman and Chief Executive Officer, the conditions for final allocation of performance shares should he leave the Company are described in section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation policy for the Chairman and Chief Executive Officer”, part “Compensation policy for the Chairman and Chief Executive Officer for the year ending December 31, 2018”, “Long-term compensation policy – Allotment of performance shares” of the Company’s 2017 Reference Document, page 148. For the other beneficiaries, final allocation will also depend on a condition of presence, in particular whether the beneficiary’s employment contract or corporate office is in force and whether he is not in a notice period on the vesting date, due to resignation, dismissal or contractual termination, except in limited cases (death, total and permanent disability, retirement or early retirement, beneficiary whose entity was transferred or in case of discretionary decision of the Board of Directors);

- the Chairman and Chief Executive Officer would also be subject to retention obligations. After the three-year vesting period, a two-year holding period will apply, and after the holding period expires, he must retain at least 50% of the vested shares in registered form until the end of his term of office;

- the Chairman and Chief Executive Officer, Operational Committee members and Liaison Committee members may not enter into risk hedging transactions.

It is specified that (i) outstanding free shares as at December 31, 2017 represented 1.35% of the Company’s share capital as at that date and (ii) the Company’s practice has been to grant existing shares and not to issue new shares, and thus there has been no dilution. If, despite this usual practice, the above were to be carried out entirely by issuing new shares, this resolution would have a limited diluting effect on the Company’s share capital, as it would increase the percentage of outstanding free shares to 2.81% of the share capital on the basis of the share capital as at December 31, 2017. Pursuant to law, when an allocation is made of shares not yet issued, any authorisation given by the General Shareholders’ Meeting automatically includes a waiver by those shareholders of their preferential subscription right, in favour of the beneficiaries of shares allocated free of charge.

The average three-year unadjusted burn rate totals 0.45% (a rate that is lower than the maximum rate applicable to companies in the Company’s sector).

In accordance with Article L. 225-197-6 of the French Commercial Code, free shares can only be allocated to corporate officers at the Company if the Company implements one of the measures referred to in that article.

The method of allocation (including performance criteria) to the Chairman and Chief Executive Officer as from the 2019 financial year described herein will appear in the compensation policy for the Chairman and Chief Executive Officer submitted to the General Shareholders’ Meeting. In the absence of its approval, the method of allocation (including performance criteria) provided for in the previously approved compensation policy will be implemented.

**Period of validity**

This authorisation would be valid for a period of 26 months as from the term provided for in the twentieth resolution of the General Shareholders’ Meeting of May 26, 2016.

This draft resolution appears in the summary table appended hereto as Appendix 3 of this report.

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(1) The panel currently consists in Autoliv, BMW, Continental, Daimler, Faurecia, Fiat, GKN, Leoni, Michelin, Plastic Omnium, PSA, Renault, and Rheinmetall.
Twelfth resolution

(Authorisation to the Board of Directors to allocate existing shares or shares to be issued free of charge to Group employees and corporate officers or a subset thereof, with automatic waiver from the shareholders of their preferential subscription right)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules applicable to Extraordinary General Shareholders’ Meetings, having reviewed the Board of Directors’ report and the Statutory Auditors’ special report:

1. authorises the Board of Directors, acting in accordance with Articles L. 225-197-1 et seq. of the French Commercial Code, with the power to delegate such authority within the limits set by law, to carry out, in one or more instalments, allocations of free shares, whether existing or to be issued, to individual beneficiaries or to categories of beneficiaries to be determined by the Board of Directors from among the employees of the Company or companies or groups affiliated to the Company under the conditions provided for in Article L. 225-197-2 of the French Commercial Code or among the corporate officers of the Company or companies or groups affiliated to the Company and meeting the conditions set forth in Article L. 225-197-1-II of the same Code, under the conditions defined below;

2. decides that the total number of existing shares or shares to be issued pursuant to this authorisation (i) may not exceed 3,485,404 shares (corresponding to approximately 1.45% of the Company’s share capital as at December 31, 2017), and (ii) may not represent more than 10% of the share capital on the date of the Board of Directors’ decision, as applicable, any shares to be issued as a result of the adjustments to be made to protect the rights of the beneficiaries of free shares will not be included in this limit;

3. decides that the total number of existing shares or shares to be issued pursuant to this authorisation for corporate officers of the Company may not exceed 196,035 shares (corresponding to approximately 0.08% of the Company’s share capital as at December 31, 2017) on the date of the Board of Director’s decision, as applicable, any shares to be issued as a result of the adjustments to be made to protect the rights of the beneficiaries of free shares will not be included in this limit;

4. decides that the allocations of shares to the beneficiaries will become final after a minimum vesting period of three years, it being understood that the allocations will become final before the expiry of this vesting period and that the shares may be transferred without restriction in the event that the beneficiary should become disabled (second or third category as defined in Article L. 341-4 of the French Social Security Code or foreign equivalent), the General Shareholders’ Meeting further authorises the Board of Directors to set or not to set an obligation for the beneficiaries to retain the shares after the expiry of the vesting period;

5. decides, with respect to those shares allocated free of charge to corporate officers, that the final acquisition will be subject to the fulfilment of performance conditions to be set by the Board of Directors;

6. grants full authority to the Board of Directors, with the power to delegate within the limits set by law, to implement this authorisation and in particular to:
   - determine if the shares to be allocated free of charge are existing and/or to be issued and, as applicable, amend its choice before the final allocation of the shares,
   - select the beneficiaries or category(ies) of beneficiaries of the allocations of shares from among the employees and corporate officers of the Company and companies or groups affiliated to the Company and the number of shares to be allocated to those beneficiaries,
   - set the conditions and, as applicable, the criteria for allocating shares, including the minimum vesting period and, if any, the retention period applicable to each beneficiary, under the conditions set forth above, it being understood, with respect to the free shares allocated to corporate officers, that the Board of Directors must either (a) decide that the free shares may not be transferred by the beneficiary until the end of his/her term of appointment or (b) set the number of free shares that must be retained in registered form until the end of the beneficiary’s term of appointment,
   - provide for an option to suspend allocation rights on a temporary basis,
   - make an official record of the final allocation dates and, as applicable, the dates from which the shares may be transferred without restriction, taking into account legal limits,
   - set the date upon which newly issued shares will bear dividends,
   - register the free shares in an account under the name of the holder, stating whether any retention period is applicable and, if so, for how long, terminate the retention period,
   - where new shares are issued and as applicable, deduct any amounts necessary for paying up the shares from the reserves, profits or issue premiums, make an official record of any rights issues undertaken pursuant to this authorisation, make any corresponding amendments to the articles of association and, in general, take all actions and complete all formalities as may be necessary;

7. decides that the Company may make any applicable adjustments to the number of shares allocated free of charge in order to protect beneficiaries’ rights in the event of any transactions related to the Company’s share capital, including any change to the share par value, share capital increase by incorporation of reserves, allocation of free shares, issue of new shares with preferential subscription right for existing shareholders, stock split or reverse stock split, distribution of reserves, issue premiums or any other assets, amortisation of capital, change to the distribution of profits due to the creation of preference shares or any other transaction affecting the equity or share capital (including...
PRESENTATION OF THE PROPOSED RESOLUTIONS

a public tender offer and/or change of control), it being understood that any shares allocated pursuant to these adjustments will have the same official issue date as the shares that were initially issued;

8. recognises that, in the event of an issue of new shares to be allocated free of charge and as the share allocations become final, this authorisation will constitute a share capital increase by incorporation of reserves, profits or issue premiums for the beneficiaries of said shares, with cancellation of the shareholders’ preferential subscription right;

9. acknowledges that, if the Board of Directors were to use this authorisation, it must notify each year the Ordinary General Shareholders’ Meeting of any transactions carried out pursuant to Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code under the conditions set forth in Article L. 225-197-4 of the same Code;

10. decides that this authorisation will remain valid for a period of twenty-six months as from the term of validity set forth in the twentieth resolution of the General Shareholders’ Meeting of May 26, 2016.

B. Powers to complete formalities (thirteenth resolution)

We propose that you grant full powers to complete all filings and formalities required by law as a result of this General Shareholders’ Meeting.

Thirteenth resolution

(Powers to complete formalities)
The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required Ordinary General Shareholders’ Meetings, grants full powers to the bearer of an original or copy of these minutes or an extract therefrom to complete all filings and formalities as may be required by law.

III. Information relating to ongoing business since the beginning of financial year 2018

To the best of Valeo’s knowledge, no events likely to have a significant effect on the Company’s business, financial situation, or assets have occurred since December 31, 2017.
Appendix 1 – Compensation components paid or awarded to the Chairman and Chief Executive Officer for the financial year ended December 31, 2017

Compensation in respect of the year ended December 31, 2017

In accordance with Article L. 225-100, II of the French Commercial Code, the Shareholders’ Meeting must approve the fixed, variable and exceptional components comprising the total compensation and benefits package paid or awarded to the Chairman and Chief Executive Officer in respect of 2017 under the 2017 Compensation Policy. Payment of his variable compensation for 2017 is contingent on approval by said Shareholders’ Meeting of the above-mentioned components which are described in detail below.

Fixed compensation

In accordance with the 2017 Compensation Policy (see this section, paragraph “Fixed compensation”, page 142), Jacques Aschenbroich received gross fixed compensation of 1,000,000 euros from Valeo in 2017.

Variable compensation

At its meeting on February 15, 2017, acting on the recommendation of the Compensation Committee, the Board of Directors decided that the variable compensation to be paid to Jacques Aschenbroich for his role as Chairman and Chief Executive Officer for 2017 would be (i) subject to the same cap of 170% of annual fixed compensation as in 2016, and (ii) based on the same quantifiable and qualitative criteria as those set for 2016, except that compared with 2016, the quantifiable operating cash criterion has been clarified (free cash flow), certain qualitative sub-criteria have been adjusted and the respective weightings of the qualitative criteria have been modified.

The principles and criteria relating to the Chairman and Chief Executive Officer’s 2017 compensation are described in the 2017 Compensation Policy (see this section, paragraph “Variable compensation”, pages 142 to 143).

At its meeting on February 22, 2018, acting on the recommendation of the Compensation Committee, the Board of Directors noted that the achievement rate for quantifiable criteria was 80.4% and that the achievement rate for qualitative criteria was 47.5% of the annual fixed compensation due to Jacques Aschenbroich for 2017, bringing the amount of variable compensation due to Jacques Aschenbroich for 2017 to 127.9% of his annual fixed compensation for 2017, i.e., 1,279,000 euros (versus 1,627,738 euros in 2016). The specific, predetermined targets underlying the quantifiable criteria have not been publicly disclosed for reasons of confidentiality, as provided for in Article 25.2 of the AFEP-MEDEF Code. However, the table below shows the degree of achievement of each quantifiable criterion. For each quantifiable criterion, the variable portion varies within a range of 0% to 100% of the maximum amount of annual fixed compensation obtainable under the relevant criterion. The objectives for the quantifiable criteria are ambitious. Consequently, despite excellent results in 2017 (increase of 12% in sales, 11% in operating margin and 8% in net income [excluding a non-recurring expense of 117 M€ relating to the decline in the value of deferred tax assets, proportional to the decrease in the US corporate tax rate]), order intake and ROCE were the only quantifiable criteria for which the upper end of the range was achieved.

The following table summarizes, in particular, the quantifiable and qualitative criteria, the entitlement relating to each of these criteria as a percentage of annual fixed compensation and the maximum variable compensation for the year ended December 31, 2017.
Quantifiable criteria

<table>
<thead>
<tr>
<th>Nature of the criterion</th>
<th>Maximum amount of the variable portion as a % of annual fixed compensation</th>
<th>Amount of the variable portion obtained as a % of annual fixed compensation</th>
<th>Percentage of achievement of the criterion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin</td>
<td>23%</td>
<td>17.9%</td>
<td>77.8%</td>
</tr>
<tr>
<td>Free cash flow(2)</td>
<td>23%</td>
<td>16.5%</td>
<td>71.7%</td>
</tr>
<tr>
<td>Net income(3)</td>
<td>23%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>ROCE</td>
<td>23%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Group order intake(10)</td>
<td>23%</td>
<td>23%</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL QUANTIFIABLE CRITERIA</td>
<td>115%</td>
<td>80.4%</td>
<td>69.9%</td>
</tr>
</tbody>
</table>

Quantifiable criteria

<table>
<thead>
<tr>
<th>Nature of the criterion</th>
<th>Maximum amount of the variable portion as a % of annual fixed compensation</th>
<th>Amount of the variable portion obtained as a % of annual fixed compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial communication</td>
<td>5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Strategic vision</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Risk management</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>TOTAL QUALITATIVE CRITERIA</td>
<td>55%</td>
<td>47.5%</td>
</tr>
</tbody>
</table>

QUANTIFIABLE AND QUALITATIVE CRITERIA

<table>
<thead>
<tr>
<th></th>
<th>Maximum amount of the variable portion as a % of annual fixed compensation</th>
<th>Amount of the variable portion obtained as a % of annual fixed compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>170%</td>
<td>127.9%</td>
</tr>
</tbody>
</table>

(1) Excluding tax and regulatory impact.
(2) Assuming that the investment budget is respected.
(3) Assuming a 20% tax rate for the Group.
(4) Excluding Ichikoh.
(5) Products and technologies in series production for less than three years.
(6) 2017 operating margin equal to 8% of sales.
(8) 2017 net income of 866 million euros.
(9) 2017 ROCE of 30%.
(10) 2017 order intake of 27.6 billion euros.
(11) 14% increase in the Valeo share price in 2017, underperforming the companies in the automotive sector used in the comparison sample but exceeding the average performance of the companies listed on the CAC 40.
(12) Three major strategic transactions carried out by Valeo in 2017: Ichikoh, FTE and Kapec. In addition, the companies acquired in 2015, in particular, Kapec and Spheros, have been successfully integrated. Proportion of innovations (products and technologies in series production for less than three years) in the 2017 order intake: 50%.
(13) The qualitative criterion on the management of risks related to the ramp-up in production taking into account of order intake, new product launches and customer complaints was not entirely achieved given the demanding objectives linked to the growth.

Long-term compensation policy – Allotment of performance shares

In accordance with the provisions of Article L. 225-197-1 of the French Commercial Code, the number of free shares allotted may not represent more than 10% of the Company’s share capital on the date of the Board of Directors’ decision. The maximum amount provided for in the twentieth resolution of the Shareholders’ Meeting of May 26, 2016, which is effective for a period of 26 months, was 3,467,000 shares (i.e., 1.45% of the share capital at December 31, 2015) with a specific sub-limit of 195,000 shares (i.e., 0.08% of the share capital at December 31, 2015) for the Chairman and Chief Executive Officer. The free shares outstanding at December 31, 2015 represented 1.43% of the Company’s share capital.
In accordance with the 2017 Compensation Policy (see this section, paragraph “Long-term compensation policy – Allotment of performance shares”, page 144), at its meeting on March 22, 2017, acting on the recommendation of the Compensation Committee, the Board of Directors decided to allot 51,030 performance shares to Jacques Aschenbroich, pursuant to the twentieth resolution of the Shareholders’ Meeting of May 26, 2016. All the performance shares allotted to Jacques Aschenbroich are contingent on the achievement of performance criteria measured over the 2017, 2018 and 2019 fiscal years. These criteria are ROA, operating margin and ROCE. They will be met if, for each of them, the average over the three years of the reference period, of the ratio between the actual return achieved and the target return that will be set by the Board of Directors at the beginning of each reference year, and that will be at least equal to the guidance for the year under review, is equal to or greater than one, it being specified that the target returns set by the Board of Directors may not be modified subsequently.

The target returns set by the Board of Directors for 2017 are (i) 19% for ROA, (ii) 7.9% for operating margin, and (iii) 29% for ROCE (after consolidation of Ichikoh and excluding any other acquisitions for all criteria).

The following scale then applies:
- if all three criteria for fiscal years 2017, 2018 and 2019 are met, all the performance shares allotted will vest;
- if two of the three criteria for fiscal years 2017, 2018 and 2019 are met, only 60% of the performance shares allotted will vest and the remainder will be forfeited;
- if only one of the three criteria for fiscal years 2017, 2018 and 2019 is met, only 30% of the performance shares allotted will vest and the remainder will be forfeited;
- if none of the three criteria for fiscal years 2017, 2018 and 2019 is met, no performance shares allotted will vest and all the performance shares will be cancelled.

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. At the end of the two-year holding period, he must also hold at least 50% of the vested performance shares as registered shares until the end of his term of office. Since joining the Group as Chief Executive Officer on March 20, 2009, Jacques Aschenbroich has not sold any shares obtained by exercising stock purchase options allotted to him, or any vested performance shares.

All the performance shares allotted to Jacques Aschenbroich will vest only if his term of office has not expired on the vesting date (however, this presence condition may be waived by the Board of Directors unless his departure is attributable to gross negligence or misconduct) or he has claimed his retirement benefits.

The performance shares allotted to Jacques Aschenbroich during 2017 had a limited dilutive impact and represented 0.02% of the Company’s share capital at December 31, 2017.

At its meeting on March 22, 2017, the Board of Directors noted that the 51,030 performance shares allotted to the Chief Executive Officer in 2017, valued at 52.91 euros each under IFRS, amounted to 2,699,997 euros, representing 270% of his annual fixed compensation for the same year.

In accordance with the recommendations of the AFEP-Medef Code and the provisions of the Group’s Code of Conduct, the Chairman and Chief Executive Officer must not use hedging transactions to reduce his risk. No hedging instruments have been used with respect to his performance shares.

Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Defined benefit pension plan

Under the 2017 Compensation Policy (see section 3.3.1, paragraph “Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Defined benefit pension plan”, page 144), Jacques Aschenbroich was covered by a defined benefit pension plan in 2017.

At its meeting on April 9, 2009, the Board of Directors discussed the total compensation of Jacques Aschenbroich and decided to register Jacques Aschenbroich with the supplementary defined benefit pension plan for the Group’s senior executives and referred to in Article L. 237-11 of the French Social Security Code. This decision was implemented on October 20, 2009 and was taken with a view to retaining Jacques Aschenbroich, then Chief Executive Officer, and motivating him with regard to the Company’s objectives, protecting its corporate interest and following market practices. In view of Jacques Aschenbroich’s age and the fact that he was not covered by any other supplementary pension plan, the decision was made to credit him with five additional years of service at the start of his tenure.

It was adopted as a related party agreement by the Shareholders’ Meeting on June 3, 2010 in its twelfth resolution, and maintained without any modification until February 21, 2012.

At its meetings on February 21, 2012 and January 23, 2014, the Board of Directors, acting on the recommendation of the Appointments, Compensation & Governance Committee, decided to (i) include the payment of benefits to the surviving beneficiary in the event of the death of an active contributor if the event occurs after the legal voluntary retirement age and (ii) adjust the supplementary pension plan to bring it in line with market practices. This adjustment, which does not have retroactive effect, involved taking into account in the reference salary (calculated using an 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 supplementary pension remains capped at 20% of the reference salary, which complies with and is even lower than the maximum percentage recommended by Article 24.6.2 of the AFEP-Medef Code, as amended in November 2016, that establishes a maximum percentage of 45% of the fixed and variable compensation due in the reference period. All the Group’s senior executives benefited from this adjustment.

Following the renewal of Jacques Aschenbroich’s directorship by the Shareholders’ Meeting of May 26, 2015, and his term of office as Chief Executive Officer, at the first Board of Directors’ meeting held after this Shareholders’ Meeting, it was decided that the pension plan covering Jacques Aschenbroich would be maintained without any modification.
Following the appointment of Jacques Aschenbroich as Chairman of the Board of Directors on February 18, 2016, Jacques Aschenbroich thus becoming Chairman and Chief Executive Officer of Valeo following the Board of Directors’ decision, on the same day, to combine the positions of Chairman of the Board of Directors and Chief Executive Officer, Jacques Aschenbroich’s supplementary pension plan was amended to provide for performance criteria to comply with the provisions of French law No. 2015-990 on growth activity and equal opportunity of August 6, 2015, (known as the Macron law). It was decided that the acquisition of conditional supplementary pension benefits under the supplementary defined benefit pension plan would be subject to a performance condition deemed to have been achieved if the Chairman and Chief Executive Officer’s variable compensation paid in year Y+1 for year Y amounted to 100% of his fixed compensation payable for year Y. If his variable compensation is less than 100% of his fixed compensation, rights would accrue on a prorata basis. The amended supplementary pension plan was authorized by the Board of Directors, acting on the recommendation of the Appointments, Compensation & Governance Committee, on February 18, 2016, and approved by the shareholders at the Shareholders’ Meeting of May 26, 2016 (in its fifth resolution). At its meeting on February 22, 2018, acting on its recommendation of the Compensation Committee, the Board of Directors noted that this condition was met in full for 2017 (as was also the case for 2016 on a prorata basis).

Entitlement to this plan requires nevertheless that the Chairman and Chief Executive Officer end his professional career within the Group. In addition, all of the Chairman and Chief Executive Officer’s statutory pensions must have been settled. The Chairman and Chief Executive Officer’s supplementary pension plan is financed by Valeo annually through the payment of premiums to the service provider in charge of administering the annuities.

Further to the Board of Directors’ decision on July 20, 2017, this pension plan, which came into effect on January 1, 2019, was closed to new members on July 1, 2017. A new “Article 83” defined contribution supplementary pension plan is currently being created.

It will be open to those members of the above defined benefit plan who wish to join (except for Jacques Aschenbroich, to whom the old plan will continue to apply), and to all employees in France whose compensation is more than four times the Social Security ceiling.

At December 31, 2017, Jacques Aschenbroich’s supplementary pension benefits represented a total amount of 8,553,512 euros, i.e., a yearly pension allowance of 227,294 euros (it being specified that social security contributions at a rate of 32% are payable by the Company on annuities paid).

As the Chairman and Chief Executive Officer did not claim his pension entitlements in 2017, no amount was awarded or paid to him for 2017.

**Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Non-competition payment**

Under the 2017 Compensation Policy, Jacques Aschenbroich is entitled to a non-competition payment (see this section, paragraph “Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Non-competition payment”, page 145). This was decided by the Board of Directors at its meeting on February 24, 2010 and approved by the Shareholders’ Meeting of June 3, 2010 in its eleventh resolution. It was then renewed without change at the Board of Directors meeting of February 24, 2011 on the recommendation of the Appointments, Compensation & Governance Committee. The modified non-competition payment was adopted as a related party agreement pursuant to Article L. 225-42-1 of the French Commercial Code at the Shareholders’ Meeting on May 26, 2015 in its fifth resolution. The principles and criteria relating to this non-competition payment are described in the 2017 Compensation Policy (see this section, paragraph “Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Non-competition payment”, page 145).

As Jacques Aschenbroich’s term of office did not end in 2017, no non-competition payment was awarded or paid to him for 2017.

**Other benefits**

In accordance with the 2017 Compensation Policy (see this section, paragraph “Other benefits”, page 148), Jacques Aschenbroich benefited, in the year ended December 31, 2017, from coverage under the unemployment insurance fund for company managers, the collective and mandatory health, death and disability plan, life insurance covering death, disability or the consequences of any accidents during business travel, and a Company car, representing a total amount of 24,539 euros.

**Other components of compensation – No multi-annual variable compensation, compensation or benefits on appointment, exceptional compensation, termination benefits, attendance fees, benefits of any kind under agreements with the Company or any Group company or options or any other long-term component of compensation**

In accordance with the 2017 Compensation Policy (see this section, paragraph “Other components of compensation – No multi-annual variable compensation, compensation or benefits on appointment, exceptional compensation, termination benefits, attendance fees, benefits of any kind under agreements with the Company or any Group company or options or any other long-term component of compensation’, page 145), Jacques Aschenbroich did not receive any multi-annual variable compensation, compensation or benefits on appointment, exceptional compensation, termination benefits, attendance fees, benefits of any kind under agreements with the Company or any Group company or options or any other long-term component of compensation in 2017 except for performance shares.

As regards termination benefits, Jacques Aschenbroich was entitled to termination benefits as Chief Executive Officer before his appointment as Chairman of the Board of Directors, which he waived following the combination of the positions of Chairman of the Board of Directors and Chief Executive Officer on February 18, 2016.
### Table summarising components of compensation paid or awarded to the Chairman and Chief Executive Officer for the financial year ended December 31, 2017

<table>
<thead>
<tr>
<th>Compensation components paid or awarded for the financial year ending December 31, 2017</th>
<th>Amounts or accounting value submitted to a vote</th>
<th>Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual fixed compensation</td>
<td>€1,000,000 (amount paid)</td>
<td>The annual fixed compensation conditions, as approved by the General Shareholders’ Meeting of May 23, 2017 as part of the vote on the 2017 Compensation Policy, are described in section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation policy for the Chairman and Chief Executive Officer”, part “Overview of the 2017 Compensation Policy for the Chairman and Chief Executive Officer”, “Fixed compensation” of the 2017 Reference Document, page 142.</td>
</tr>
<tr>
<td>Annual variable compensation</td>
<td>€1,279,000 (amount allocated for financial year ended December 31, 2017)</td>
<td>The annual variable compensation conditions, as approved by the General Shareholders’ Meeting of May 23, 2017 as part of the vote on the 2017 Compensation Policy, are described in section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation policy for the Chairman and Chief Executive Officer”, part “Overview of the 2017 Compensation Policy for the Chairman and Chief Executive Officer”, “Variable compensation” of the 2017 Reference Document, pages 142 to 143. At its meeting on February 22, 2018, acting on the recommendation of the Compensation Committee, the Board of Directors noted that the achievement rate for quantifiable criteria was 80.4% (out of 115% maximum) and that the achievement rate for qualitative criteria was 47.5% (out of 55% maximum) of the annual fixed compensation due to Jacques Aschenbroich for the 2017 financial year, bringing the amount of variable compensation due to Jacques Aschenbroich for 2017 to 127.9% of his annual fixed compensation for 2017, i.e. €1,279,000, based on demanding criteria and despite Valeo’s excellent results for 2017 (12% growth in turnover, 11% growth in operating margin and 8% growth in net income (excluding a non-recurring expense of 117 M€ tied to the decline in the value of deferred tax assets proportional to the lower tax rate on companies in the United States)). It is specified that the satisfaction of these quantifiable and qualitative criteria was evaluated by the Board of Directors, on the recommendation of the Compensation Committee, following the conditions set out in the table in section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation policy for the Chairman and Chief Executive Officer”, part “Overview of the 2017 Compensation Policy for the Chairman and Chief Executive Officer”, “Variable compensation” of the 2017 Reference Document, pages 149 to 150. Payment of 2017 variable compensation for the Chairman and Chief Executive Officer is subject to approval of his 2017 compensation by this General Shareholders’ Meeting (ex post vote).</td>
</tr>
<tr>
<td>Deferred variable compensation</td>
<td>N/A</td>
<td>Jacques Aschenbroich does not receive any deferred variable compensation.</td>
</tr>
<tr>
<td>Multi-annual variable compensation</td>
<td>N/A</td>
<td>Jacques Aschenbroich does not receive any multi-annual variable compensation.</td>
</tr>
<tr>
<td>Attendance fees</td>
<td>N/A</td>
<td>Jacques Aschenbroich does not receive any attendance fees.</td>
</tr>
<tr>
<td>Exceptional compensation</td>
<td>N/A</td>
<td>Jacques Aschenbroich does not receive any exceptional compensation.</td>
</tr>
<tr>
<td>Stock option allocations</td>
<td>N/A</td>
<td>Jacques Aschenbroich has not received any stock option allocations.</td>
</tr>
</tbody>
</table>
| Performance share allocations | • Number: 51,030  
• IFRS valuation: €2,699,997 | The conditions for allocating performance shares, as approved by the General Shareholders’ Meeting of May 23, 2017 as part of the vote on the 2017 Compensation Policy, are described in section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation policy for the Chairman and Chief Executive Officer”, part “Overview of the 2017 Compensation Policy for the Chairman and Chief Executive Officer”, “Long-term compensation policy – Allotment of performance shares” of the 2017 Reference Document, page 144. |
Performance share allocations (suite)

At its meeting on March 22, 2017, acting on the recommendation of the Compensation Committee, the Board of Directors decided to allot 51,030 performance shares to Jacques Aschenbroich, pursuant to the twentieth resolution of the General Shareholders’ Meeting of May 26, 2016.

The Board of Directors noted, at its meeting of March 22, 2017 that based on an IFRS valuation of the 51,030 performance shares at €52.91 each, the grant to Jacques Aschenbroich during the 2017 financial year represented 270% of his fixed annual compensation for this financial year.

The diluting effect of the grant of performance shares to Jacques Aschenbroich is limited to 0.02% of Company’s share capital as at December 31, 2017.

Implementation of the performance share allocation (including the conditions and performance criteria) is described in section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation of Jacques Aschenbroich, Chairman and Chief Executive Officer, for the year ended December 31, 2017 and prior years”, part “Compensation in respect of the year ended December 31, 2017”, “Long-term compensation policy – Allotment of performance shares” of the 2017 Reference Document, page 151.

Benefits on appointment

N/A Jacques Aschenbroich has not received any benefits on appointment.

Termination benefits

N/A Jacques Aschenbroich does not receive any termination benefits.

As a reminder, Jacques Aschenbroich waived his termination benefits following the combination of the positions of Chairman of the Board of Directors and Chief Executive Officer on February 18, 2016 and his appointment on the same day as Chairman of the Board of Directors, thus becoming Chairman and Chief Executive Officer.

Non-competition payment

No amount awarded or paid for the financial year ended December 31, 2017

The conditions for the non-competition payment, as approved by the General Shareholders’ Meeting of May 23, 2017 as part of the vote on the 2017 Compensation Policy, are described in section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation policy for the Chairman and Chief Executive Officer”, part “Overview of the 2017 Compensation Policy for the Chairman and Chief Executive Officer”, “Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Non-competition payment” of the 2017 Reference Document, pages 145.

Supplementary pension plan

No annuity or capital awarded or paid for the financial year ended December 31, 2017

The conditions for the supplementary pension plan, as approved by the General Shareholders’ Meeting of May 23, 2017 as part of the vote on the 2017 Compensation Policy, are described in section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation policy for the Chairman and Chief Executive Officer”, part “Overview of the 2017 Compensation Policy for the Chairman and Chief Executive Officer”, “Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Defined benefit pension plan” of the 2017 Reference Document, page 144.

The acquisition of conditional supplementary pension benefits under this defined benefit pension plan is subject to a condition linked to the beneficiary’s performance, deemed to have been achieved if the Chairman and Chief Executive Officer’s variable compensation paid in year Y+1 for year Y amounted to 100% of his fixed compensation payable for year Y. If his variable compensation was less than 100% of his fixed compensation, rights would accrue on a prorata basis.

At its meeting on February 22, 2018, acting on the recommendation of the Compensation Committee, the Board of Directors noted that this condition was met in full for the 2017 financial year.

Benefits of any kind

- **Unemployment insurance fund for Company managers**: annual premium valued at €7,633;
- **Collective and mandatory health, death and disability plan**: annual premium valued at €2,300;
- **Company car**: €14,606.

The conditions for benefits of any kind, as approved by the General Shareholders’ Meeting of May 23, 2017 as part of the vote on the 2017 Compensation Policy, are described in section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation policy for the Chairman and Chief Executive Officer”, part “Overview of the 2017 Compensation Policy for the Chairman and Chief Executive Officer”, “Other benefits” of the 2017 Reference Document, page 145.
Appendix 2 – 2018 compensation policy

Compensation policy for the Chairman and Chief Executive Officer for the year ending December 31, 2018

This section sets out the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional components of the Chairman and Chief Executive Officer’s total compensation and benefits package for the year ending December 31, 2018. It forms part of the report prepared in accordance with Article L. 225-37 of the French Commercial Code and contains the information required pursuant to Article L. 225-37-2, paragraph 2 of said Code.

The Compensation Committee conducted a full review of the Chairman and Chief Executive Officer’s compensation and considered a number of possible changes. To this end, the Compensation Committee has met several times since July 2017 and has held in-depth discussions with the Board of Directors at various meetings.

As part of this review, two reputed consulting firms were instructed to conduct a detailed study of the Chairman and Chief Executive Officer’s compensation and to make recommendations. Generally speaking, the outcome of these reviews showed that the level of fixed, variable and long-term compensation is consistent with market practices. It will therefore remain unchanged in 2018.

At the end of the review process, the Compensation Committee nevertheless recommended certain adjustments to the criteria used for annual variable compensation compared with the 2017 Compensation Policy.

At its meeting on February 22, 2018, the Board of Directors, acting on the recommendations of the Compensation Committee, approved the 2018 Compensation Policy as described below.

As part of this process, certain changes were made to the benchmarking panels used to review the components of the Chairman and Chief Executive Officer’s compensation, following the recommendations of the two consulting firms. The new panels are available on the “Corporate Governance” page of the Company’s website (www.valeo.com) (1).

Fixed compensation

The principles and criteria relating to fixed compensation under the 2017 Compensation Policy (see this section, paragraph “Fixed compensation”, page 142) remain unchanged in the 2018 Compensation Policy.

Annual fixed compensation remains unchanged versus the 2017 Compensation Policy at 1 million euros, as the review conducted by the two consulting firms confirmed that this was an appropriate level.

There are currently no plans to amend it until the end of the Chairman and Chief Executive Officer’s current term of office.

Variable compensation

The Chairman and Chief Executive Officer’s maximum variable compensation, which in any event remains capped at 170% of annual fixed compensation, remains unchanged compared with the 2017 Compensation Policy, as the benchmarking panels used by Valeo to determine the 2018 Compensation Policy and the review conducted by the two consulting firms confirmed that this was an appropriate level.

As indicated in the 2017 Compensation Policy, the variable portion of the compensation must be in line with the Chairman and Chief Executive Officer’s performance, as well as the Company’s strategy and progress. It is therefore determined partly according to quantifiable criteria based on the Group’s operating and financial performance, and partly on a qualitative basis. The quantifiable and qualitative objectives to be reached are set according to specific, demanding and predetermined objectives. These criteria are determined each year by the Board of Directors, based on recommendations made by the Compensation Committee.

In the interests of stability with respect to the criteria for assessing and continuously measuring the Chairman and Chief Executive Officer’s performance, criteria considered as particularly representative of the Company’s performance were applied for annual variable compensation in previous years and renewed by the Board of Directors at its meeting of February 15, 2017, based on the recommendation of the Compensation Committee and approved by the Shareholders’ Meeting of May 23, 2017 in its tenth resolution.

Under the 2018 Compensation Policy review, the Board of Directors decided, on the recommendation of the Compensation Committee, to make some adjustments to the quantifiable and qualitative criteria previously used. These adjustments are aimed at better reflecting the Group’s strategy and current financial, non-financial and operational performance objectives in the proposed criteria.

The Chairman and Chief Executive Officer’s annual variable compensation for 2018 will therefore be based on (i) the same quantifiable criteria as those used in the 2017 Compensation Policy (similar criteria were used to determine the variable compensation of Operations Committee members), with a slight adjustment to their respective weightings, and (ii) similar qualitative criteria to those used in the 2017 Compensation Policy, with a few adjustments, including the creation of a “Corporate social responsibility” criterion, adjustments to certain qualitative sub-criteria, and a change in the respective weightings of each qualitative criterion (see table below).

(1) The new panels which have been adopted and disclosed by the Company are the following: Panel 1, CAC 40; Panel 2, Automotive – Europe: Autoliv, BMW, Continental, Daimler, Faurecia, Fiat, GKN, Leoni, Michelin, Plastic Omnium, PSA, Renault and Rheinmetall; Panel 3, Parts suppliers – Worldwide: Adient, Autoliv, Borg Warner, Continental, Delphi, Faurecia, GKN, Goodyear, Lear, Leoni, Michelin, Plastic Omnium, Rheinmetall and TE Connectivity.
The performance criteria and related targets will not be changed during a given year.

In accordance with the recommendations of the AFEP-MEDEF Code, the total amount of the variable portion is expressed as a percentage of the annual fixed compensation, each criterion granting entitlement to a percentage of the annual fixed compensation.

The maximum amount of annual variable compensation (170% of annual fixed compensation) is contingent on the achievement of ambitious objectives (significantly higher than the budget with respect to the quantifiable criteria), set by the Board of Directors based on the recommendation of the Compensation Committee.

For each quantifiable criterion, the variable portion varies within a range of 0% to 100% of the maximum amount of annual fixed compensation obtainable under the relevant criterion.

The following table summarizes the applicable quantifiable and qualitative criteria, the entitlement relating to each of these criteria as a percentage of annual fixed compensation, and the maximum variable compensation for 2018:

### Quantifiable criteria

<table>
<thead>
<tr>
<th>Nature of the quantifiable criterion</th>
<th>Maximum amount of the variable portion as a % of annual fixed compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin</td>
<td>25%</td>
</tr>
<tr>
<td>Free cash flow(2)</td>
<td>25%</td>
</tr>
<tr>
<td>Net income(3)</td>
<td>20%</td>
</tr>
<tr>
<td>ROCE</td>
<td>20%</td>
</tr>
<tr>
<td>Group order intake</td>
<td>25%</td>
</tr>
</tbody>
</table>

**TOTAL QUANTIFIABLE CRITERIA** 115%

### Qualitative criteria

<table>
<thead>
<tr>
<th>Nature of the qualitative criterion</th>
<th>Maximum amount of the variable portion as a % of annual fixed compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic vision</td>
<td>20%</td>
</tr>
<tr>
<td>Risk management</td>
<td>15%</td>
</tr>
<tr>
<td>Corporate social responsibility</td>
<td>20%</td>
</tr>
</tbody>
</table>

**TOTAL QUALITATIVE CRITERIA** 55%

**TOTAL QUANTIFIABLE AND QUALITATIVE CRITERIA** 170%

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(1) Excluding tax and regulatory impact.
(2) Assuming that the investment budget is respected.
(3) Assuming a 20% tax rate for the Group.
(4) Products and technologies in series production for less than three years.
**Long-term compensation policy – Allotment of performance shares**

The Chairman and Chief Executive Officer’s maximum long-term compensation, which in any event remains capped at 270% of annual fixed compensation (100% of maximum annual fixed and variable compensation), remains unchanged compared with the 2017 Compensation Policy, as the benchmarking panels used by Valeo to determine the 2018 Compensation Policy and the review conducted by the two consulting firms confirmed that this was an appropriate level. The cap of 270% of annual fixed compensation is a maximum amount and the Board of Directors reserves the right to award a lower percentage depending on Valeo’s performance.

In 2018, the total amount of the 55,026 performance shares allotted to Jacques Aschenbroich, valued in accordance with IFRS, represented 260% of his annual fixed compensation, which is below the maximum amount of this component of compensation provided for in this compensation policy, i.e., 270%.

The principles and criteria relating to long-term compensation under the 2017 Compensation Policy (see this section, paragraph “Long-term compensation – Allotment of performance shares”, page 144) remain unchanged in 2018, except as set out below.

At its meeting on February 22, 2018, acting on the recommendation of the Compensation Committee, the Board of Directors set the following rules that will apply to the performance shares in the event of the Chairman and Chief Executive Officer’s departure.

Entitlement to the performance shares will be lost in the event of (i) departure due to gross negligence or misconduct or (ii) forced departure for reasons attributable to the Chairman and Chief Executive Officer’s performance, before the end of the vesting period. Except for these two cases, the Board of Directors will determine whether or not the Chairman and Chief Executive Officer will retain his entitlement to the performance shares before the end of the vesting period based on an in-depth analysis of the reasons for and circumstances surrounding his departure. In any event, the shares will only vest if the performance criteria are achieved. By way of exception to the foregoing, in the event of termination of his corporate office in connection with the liquidation of mandatory and supplementary pension plans and death or disability, entitlement to performance shares will be maintained and the performance criteria will apply to retirement but not to death or disability.

The performance criteria to be achieved over a period of three years will not be changed during that period.

A percentage of the initial share allotments will vest according to the number of performance criteria achieved over the reference period (100% for three criteria, 60% for two criteria, 30% for one criterion and 0% for no criteria).

Performance share allotments, valued in accordance with IFRS, must not represent a disproportionate percentage of the total compensation package including performance share awards.

In principle, performance shares are allotted at the same times each year.

In accordance with the recommendations of the AFEP-MEDEF Code and the provisions of the Group’s Code of Conduct, the Chairman and Chief Executive Officer must not use hedging transactions to reduce his risk. Jacques Aschenbroich will make a formal commitment in this respect as required by the AFEP-MEDEF Code.

**Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Defined benefit pension plan**

The Chairman and Chief Executive Officer may benefit from a defined benefit pension plan in accordance with Group and market practices.

As indicated in the 2017 Compensation Policy, Jacques Aschenbroich is entitled to a defined benefit pension plan that is also open to the Group’s senior executives. In view of his age and the fact that he was not covered by any other supplementary pension plan, the decision was made to credit him with five years of service at the start of his tenure. There is a cap on the amount of this pension plan, which came into effect on January 1, 2010 and was closed to new members on July 1, 2017 (entitlement corresponding to 1% of the reference salary per year of service, capped at 20%), and on the basis for determining entitlements (additional pension benefits, all plans combined, are capped at 55% of the reference salary(1)). These caps are identical to those applied under the 2017 Compensation Policy. A performance condition was introduced in order to comply with the provisions of French law No. 2015-990 of August 6, 2015 on growth, activity and equal opportunity (known as the Macron law). This performance condition, which also formed part of the 2017 Compensation Policy, will be deemed to have been achieved if the Chairman and Chief Executive Officer’s variable compensation paid in year Y+1 for year Y amounts to 100% of his fixed compensation payable for year Y. If his variable compensation is less than 100% of fixed compensation, rights will accrue on a prorata basis.

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(1) The reference salary is the end-of-career salary, which is the average of the last 36 months of basic fixed compensation plus, for periods subsequent to February 1, 2014, variable compensation received for working full time within the Group.
Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Non-competition payment

The principles and criteria relating to this component of compensation under the 2017 Compensation Policy (see this section "Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Non-competition payment", page 145), remain unchanged in the 2018 Compensation Policy.

Other benefits

The principles and criteria relating to this component of compensation under the 2017 Compensation Policy (see this section "Other benefits", page 145), remain unchanged in the 2018 Compensation Policy.

Other components of compensation – No multi-annual variable compensation, compensation or benefits on appointment, exceptional compensation, termination benefits, attendance fees, benefits of any kind under agreements with the Company or any Group company or options or any other long-term component of compensation

The principles and criteria relating to this component of compensation under the 2017 Compensation Policy (see this section "Other components of compensation – No multi-annual variable compensation, compensation or benefits on appointment, exceptional compensation, termination benefits, attendance fees, benefits of any kind under agreements with the Company or any Group company or options or any other long-term component of compensation", page 145), remain unchanged in the 2018 Compensation Policy.

Accordingly, the Chairman and Chief Executive Officer will not be entitled to multi-annual variable compensation, compensation or benefits on appointment, exceptional compensation or termination benefits. In this respect, it should be noted that Jacques Aschenbroich was entitled to termination benefits as Chief Executive Officer before his appointment as Chairman of the Board of Directors, which he waived following the combination of the positions of Chairman of the Board of Directors and Chief Executive Officer on February 18, 2016.

The maximum amount of benefits that can be awarded and paid to the Chairman and Chief Executive Officer upon departure therefore correspond to the non-competition payment that may be awarded or paid to him by the Company, i.e., 12 months of compensation (calculated by taking the average compensation [fixed and variable] paid for the three fiscal years preceding the year of departure).

The Chairman and Chief Executive Officer will not receive attendance fees. He will not be entitled to any compensation or other benefits as a result of agreements entered into with the Company or any Group company.

No stock options or other long-term component of compensation other than performance shares will be allotted to the Chairman and Chief Executive Officer in 2018.

In accordance with Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, the Chairman and Chief Executive Officer’s variable compensation for 2018 will only be paid once the fixed, variable and exceptional components comprising the total compensation and benefits package paid or awarded to him in respect of 2018 have been approved by the shareholders at an Ordinary Shareholders’ Meeting (ex post vote).
## Appendix 3 – Summary table on the financial resolutions submitted by the Board of Directors to this General Shareholders’ Meeting

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Period of validity</th>
<th>Possible reasons for use of the authorisation</th>
<th>Ceilings</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Authorisation to carry out transactions in shares issued by the Company</td>
<td>18 months.</td>
<td><strong>Possible purposes for such share buyback program:</strong>&lt;br&gt;1. The implementation of any stock option plan enabling the acquisition of Company’s shares, in particular by any employee or corporate officer.&lt;br&gt;2. The allocation of free shares, in particular to employees and corporate officers.&lt;br&gt;3. The allocation or sale of shares to employees as part of their involvement in the performance and growth of the Company or the implementation of any employee savings plans (or similar plan) under the conditions set out by the laws.&lt;br&gt;4. Generally, compliance with obligations in respect of stock option plans or other allocations of shares to employees or corporate officers.&lt;br&gt;5. The delivery of shares upon exercise of the rights attached to securities giving access to the share capital.&lt;br&gt;6. Retention and subsequent delivery shares in the context of external growth transactions, mergers, spin-offs or contributions.&lt;br&gt;7. The cancellation of all or part of the repurchased shares.&lt;br&gt;8. Ensuring the market-making in the secondary market or the liquidity of the Company’s share through an investment services provider pursuant to a liquidity contract compliant with the ethical code recognised by the French Financial Markets Authority (Autorité des marchés financiers).&lt;br&gt;9. Carrying out any market practice that may become authorised by market authorities and generally the completion of any other transaction in accordance with laws and regulations that are or may become applicable.</td>
<td>■ 10% of the share capital (at any time).&lt;br&gt;■ 5% in the event of external growth transaction.&lt;br&gt;■ Global amount allocated to the share buyback program: €2,396,531,200.</td>
<td>Maximum purchase price: €100 per share.</td>
</tr>
<tr>
<td>12</td>
<td>Authorisation for the Board of Directors to allocate existing shares or shares to be issued free of charge to Group employees or corporate officers, or a subset thereof, with automatic waiver from the shareholders of their preferential subscription right.</td>
<td>26 months as from the term provided for in the 20th resolution of the General Shareholders’ Meeting of May 26, 2016</td>
<td><strong>Use by the Board of Directors to make allocations of existing shares or shares to be issued free of charge to Group employees or corporate officers, or a subset thereof.</strong></td>
<td>■ Maximum number of free performance shares that can be allocated: 4,485,404 shares.&lt;br&gt;■ Maximum number of performance shares allocated to Chairman and Chief Executive Officer: 196,035 shares.&lt;br&gt;■ The maximum number of conditional performance shares that could be allocated to him, valued according to IFRS, may not exceed the maximum provided for in the compensation policy. Over the 2016, 2017 and 2018 financial years, this maximum was set at 270% of his annual fixed compensation; it being specified that the Board of Directors reserves the right to award a lower number of shares to the Chairman and Chief Executive Officer. Thus, for the financial year 2018, the amount of the allocation of the 55,026 performance shares to Jacques Aschenbroich, valued in accordance with IFRS, represents 260% of his annual fixed compensation, which is lower than the maximum amount of this compensation provided for in the 2018 Compensation Policy, which is set at 270%.</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Conditions for the implementation of the authorisation

May not be used during a public offer.

- General conditions: allocations of free shares and performance shares to the Chairman and Chief Executive Officer and to all employees.
- Minimum vesting period: 3 years.
- Performance conditions measured over three financial years applicable to Chairman and Chief Executive Office and Operational Committee members:
  - Internal performance criteria (80% of allocated shares): operating margin rate and ROA rate; satisfied if for each of these criteria, 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 financial year of reference, which must be at least equal to the guidance for the financial year in question, is equal to or greater than one, it being specified that neither the target rates as set by the Board of Directors nor the criterion used will be modified subsequently; number of vested shares will then depend on number of satisfied criteria (if two: 80%; if one: 40%; if zero: 0%).
  - External performance criterion (20% of allocated shares): recording a certain level of Valeo’s Total Shareholder Return (TSR) measured against the TSR of the CAC 40 index and the TSR of companies from a panel of European companies in the automotive sector by the Board of Directors and disclosed by the Company over a three-year period starting January 1 of the year of allocation to December 31 of the year before delivery (i.e. for a 2019 plan, this would mean from January 1, 2019 to December 31, 2021). (i) if Valeo’s TSR recorded over the reference period > CAC 40 index’s TSR over the reference period: 10% (0% if ≤), (ii) if Valeo’s TSR recorded over the reference period > median of the TSRS of companies from a panel of European companies in the automotive sector over the reference period: 10% (0% if ≤).

The plan used by the Board of Directors is not intended to evolve unless a change in the structure or business of one of the companies makes it less relevant, in which case it will be replaced by another company to maintain the greatest possible comparability between Valeo and its peers.

- Performance conditions measured over three financial years applicable to Liaison Committee members (other than Operational Committee members) and main reports of Liaison Committee members: only internal performance criteria, namely operating margin rate and ROA rate; rules for meeting these two criteria are same as for allocations to Chairman and Chief Executive Officer and Operational Committee members, then number of allocated performance shares which will be vested depends on number of satisfied criteria (if two: 100%; if one: 50%; if zero: 0%).

- Additional conditions applicable to the Chairman and Chief Executive Officer:
  - the conditions for final allocation of performance shares should he leave the Company are described in section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation policy for the Chairman and Chief Executive Officer”, part “Compensation policy for the Chairman and Chief Executive Officer for the year ending December 31, 2018”, “Long-term compensation policy – Allotment of performance shares” of the Company’s 2017 Reference Document, page 148;
  - retention obligation of at least 50% of the vested shares in registered form until the end of his term of office;
  - no risk-hedging operations.

- Additional conditions for beneficiaries other than the Chairman and Chief Executive Officer: condition of presence (in particular, employment contract or corporate office of the beneficiary in force on the vesting date, not being in a notice period on that date due to resignation, dismissal, or contractual termination, except in limited cases.

- Additional condition applicable to Operational Committee and Liaison Committee members: no risk-hedging operations.
Glossary

Dividend

Amount of dividends distributed over the last three financial years:
- Financial year 2016: 296.6 million euros;
- Financial year 2015: 236.4 million euros;
- Financial year 2014: 172.1 million euros.

All of these amounts were eligible for the 40% tax allowance for natural persons having their tax residence in France, as provided for in Article 158, 3-2° of the French General Tax Code.

Please note that the French Financial bill No. 2017-1837 dated as of December 30, 2017 for the year 2018 brought changes to the dividends taxation scheme. When paid to individuals who are tax residents in France, the gross dividend is either submitted to a unique withholding tax at a flat rate of 12.8% (Article 200 A of the French General Tax Code), or is, as an option, taxed at a progressive rate after a 40% deduction (Article 200 A, 2. and 158, 3-1° of the French General Tax Code). This option is to be exercised at the date of the submission of the income tax return and at the latest by the date when the filing is due. Furthermore, the dividend is submitted to social security contributions at a rate of 17.2%.
Request for documents and information


Combined Shareholders’ Meeting

Wednesday May 23, 2018

at Pavillon Vendôme – 362-364, avenue Saint-Honoré – 75001 Paris

The undersigned(1)........................................................................................................................

Last name (Mr., Mrs. or Miss)............................................................................................................

First name ...............................................................................................................................

Address..................................................................................................................................

Street address............................................................................................................................

Postal Code ...........................................  City..............................................................................

Owner of ...................................................................................  Company-registered shares

bearer shares (2) or shares registered with a financial intermediary


Place ............................................................ date .......................................................... 2018

Shareholder’s signature:

Pursuant to Article R. 225-88 of the French Commercial Code, those holders of shares registered with the Company may request to have the aforementioned documents and information for future Shareholders Meetings sent to them on a continuing basis.

(1) If an entity, indicate the precise corporate name.

(2) Attach a copy of the shareholding certificate (attestation de participation) issued by the intermediary in charge of managing your securities.
Valeo
Joint-stock company (société anonyme)
with capital of 239,653,121 euros
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Institutional investor relations
Thierry Lacorre
Investor Relations Director

To arrange a meeting, please contact:
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