Fueled by its innovation-based strategy, Valeo is driving the three revolutions that are redefining the car as we know it: vehicle electrification, the autonomous and connected vehicle and digital mobility. Valeo has successfully anticipated these revolutions, which now represent important growth opportunities for the Group. As a technology company, Valeo designs and develops key technologies for electric, autonomous and connected vehicles, always with the goal of making them widely affordable.
ONE IN THREE CARS WORLDWIDE FEATURES A VALEO ELECTRICAL SYSTEM THAT CONTRIBUTES TO REDUCING CO₂ EMISSIONS...

As a pioneer and world number one in vehicle electrification, Valeo fits one in every three cars worldwide with electrical systems, cutting their energy consumption and thereby reducing CO₂ emissions.

Having invented the Stop-Start system, which today equips millions of vehicles across the world, Valeo also leads the field in mild hybridization, producing around 25 million 12 V systems per year. In 2020, 80% of new vehicles will be equipped with the Stop-Start system. Valeo is the world’s leading player in 48 V mild-hybrid technologies. Mild-hybrid systems recover energy during braking and slowing phases, storing it for later use by the internal combustion engine, and are the most cost-effective way of introducing hybrid technology into existing vehicles. Through the Valeo Siemens eAutomotive joint venture created in December 2016, Valeo offers high-power solutions for hybrid, plug-in hybrid and full electric models. With order intake of 6.1 billion euros during its first 12 months, the joint venture is set to become the world leader in electric motors and the related power electronics. The fight to reduce CO₂ emissions is a global one. Automakers, users, lawmakers and new regulators such as the municipalities of major metropolitan areas are converging to demand vehicles that generate less pollution. In today’s automotive industry in Europe, for example, a gram of CO₂ is worth nearly three times more than a gram of gold. From 2019, automakers will have to pay an excess emissions premium of 95 euros per registered vehicle for every gram of CO₂ over the European Union’s regulatory threshold.

THE VEHICLE ELECTRIFICATION REVOLUTION HAS BEGUN.
VALEO, THE WORLD LEADER IN AUTONOMOUS VEHICLE SENSORS, INVESTS ONE-THIRD OF ITS R&D SPENDING IN DRIVING ASSISTANCE...

One of Valeo’s major areas of expertise is in the technologies that enable vehicles to perceive their surroundings. Valeo is the global leader in designing and manufacturing the sensors that act as the eyes and ears of autonomous vehicles. The Group offers the widest portfolio of sensors on the market, comprising ultrasonic sensors, cameras, radars and SCALA®, the first and only mass-produced laser scanner in the automotive industry. Valeo software merges the data from these sensors in the same way that the brain processes information from the five senses. Together, algorithms and artificial intelligence enable the vehicle to make the right decisions. In 2017, in the same vein, Valeo announced it had created Valeo.ai, the first global research center specializing in artificial intelligence and deep learning for automotive applications. Thanks to these technologies, Valeo has recorded a number of world firsts in the field of autonomous vehicles, including 24 hours on the Paris beltway as well as road trips around Europe and the United States. Valeo’s automatic parking systems are already used on 12 million cars on the road worldwide. The revolution for increasingly assisted driving has begun and will continue to intensify. Over the last 25 years, Valeo has manufactured and delivered 700 million sensors. In the next five years, Valeo will make half a billion more.

THE REVOLUTION IS ALREADY HERE.
The digital revolution is paving the way for new forms of mobility. Serving this trend, Valeo’s innovations enable companies to design new services, create new business models and facilitate their way of doing business and that of their customers.

An example is Valeo’s InBlue® smart key, which can geolocate, unlock and start the car all via smartphone. This virtual key is not only practical – it opens up huge possibilities. It allows car hire companies to offer new services such as very short-term car leasing. Car hire customers are released from time-honored constraints that were previously thought inevitable. They are no longer bound by opening hours or have to wait in long lines to collect their vehicle.

The device provides fleet managers with an efficient way of promoting car-sharing. With this smart, digital key, will individual car ownership still be relevant in the future or will we shift to rental- and service-based usage?

In sprawling cities, drivers spend up to a third of their time looking for somewhere to park. If finding a space were no longer necessary thanks to car-sharing, traffic would be cut by a third. Developing mobility services also contributes to economic growth.

Without a doubt, the winners of this digital revolution will be those who succeed in offering mobility solutions tailored to everyone’s individual needs.

**NEW MOBILITY SOLUTIONS DRIVEN BY DIGITAL TECHNOLOGY**

**THIS IS THE THIRD REVOLUTION CURRENTLY TAKING PLACE, AFTER VEHICLE ELECTRIFICATION AND INCREASINGLY AUTONOMOUS DRIVING.**
HOW WOULD YOU DESCRIBE 2017?
2017 was an excellent year for Valeo. Undoubtedly, the best news is our record order intake, which came in at 27.6 billion euros. On top of that, the Valeo-Siemens joint venture recorded order intake of 10 billion euros in just a few months of operating. This order intake will continue to drive Valeo’s strong, dynamic growth. In 2017, we once again demonstrated our ability to outperform the automotive market, with growth in original equipment sales outpacing global automotive production by 5 percentage points. Consolidated sales rose by 12% (up 7% like for like) reaching a historic high of 18.6 billion euros. Our gross margin was also up by 15% to 3.5 billion euros. These excellent results are perfectly in line with our road map, which sets the objective of achieving sales of 27 billion euros by 2021.

TO WHAT DO YOU OWE THIS SUCCESS?
Valeo’s outstanding positioning has placed it at the heart of the three revolutions that are redefining the car as we know it: vehicle electrification, the autonomous and connected vehicle and digital mobility. Thanks to our capacity to innovate, Valeo is currently the global leader in the design and production of the sensors required for autonomous vehicles, and is set to become the number one manufacturer of electric motors and power electronics for electric vehicles. Our innovations in the field
of digital mobility have positioned us as a creator of new business models and a business enabler with, for example, our smart virtual key which helps simplify car sharing and offers fleet managers new opportunities.

**COULD YOU EXPLAIN HOW INNOVATION IS AT THE HEART OF VALEO’S STRATEGY?**
In 2017, our gross Research and Development expenditure was up 19% to 1.9 billion euros, representing almost 12% of original equipment sales. It has increased by almost 50% since 2013.

When you consider that every euro Valeo invests in R&D generates a margin of 3 euros, this is significant. We currently employ 20,000 people in Research and Development, up from 6,000 in 2008, and plan to increase that number to 30,000 in the next few years.

In 2017, we filed more than 2,000 patent applications worldwide and topped the intellectual property institute (INPI) ranking of French companies filing the most patents in France.

Today, our growth is driven by our capacity to innovate. Last year, 50% of our order intake was for products that simply did not exist three years ago.

**WHAT DO YOU FEEL IS VALEO’S KEY CHALLENGE TODAY?**
The key challenge facing Valeo today is to maintain its fast-paced growth. This means opening new plants, launching new production lines, hiring new talent, integrating new businesses and developing new competences while continuing to invest heavily in Research and Development. These efforts are vital in ensuring that our success is sustainable. But our profitability and cash generation also remain high priorities. It is this delicate balance between innovation, growth and profitability that will guarantee Valeo’s long-term success.

**HOW DO YOU SEE THE FUTURE?**
Looking ahead I am filled with both confidence and determination: our strategy, rooted in innovation and expansion in high-potential regions and countries, has proven effective. Our development model, based on profitable growth, is robust. Our outlook, as indicated by our order intake, is exceptional. Valeo might be celebrating its 95th birthday this year, but our story is just beginning.

“Valeo’s outstanding positioning has placed it at the heart of the three revolutions that are redefining the car as we know it: vehicle electrification, the autonomous and connected vehicle and digital mobility.”

**THE TWO FOCUSES OF VALEO’S GROWTH STRATEGY**

---

**INNOVATION**
Innovative technologies for CO₂ emissions reduction and the development of intuitive driving.

**GEOGRAPHICAL EXPANSION**
Geographical expansion in high-growth potential regions, especially in Asia and emerging countries.
BOARD OF DIRECTORS
at December 31, 2017

Of the Board of Directors’ 13 members, 93% are independent and 42% are women.

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 met on seven occasions in 2017, i.e., once more than the minimum stipulated in the Internal Procedures, with a 93% average effective attendance rate.
OPERATIONS COMMITTEE

Under the authority of the Chairman and Chief Executive Officer, Valeo’s Operations Committee meets once a month and comprises 15 members. Its role is to review operational management, coordinate projects and implement the Group’s strategy. The Committee is responsible for ensuring that the Group meets its objectives and adheres to the continuous improvement process through the 5 Axes methodology.
Business review

RECORD SALES AND ORDER INTAKE

18.6 billion euros in sales in 2017

Sales rose 12% compared with 2016. Order intake reached another record at 27.6 billion euros, up 17%. This performance was driven by the Group’s unprecedented Research and Development spending, which represented close to 12% of original equipment sales in 2017.

ORDER INTAKE(1)
in billions of euros and innovative products and systems as a % thereof(2)

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

SALES
in billions of euros

14.5
16.5
18.6

2015
2016
2017

SALES BY DISTRIBUTION NETWORK
as a % of sales

13%
Aftermarket and other

87%
Original equipment

€18.6bn

(1) Valeo Group order intake, excluding Valeo Siemens eAutomotive.
(2) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive, FTE automotive and Valeo-Kapex.
GLOBAL AUTOMOTIVE PRODUCTION IN 2017

95
million vehicles produced worldwide

Global automotive production (up 2% compared with 2016) is shifting from the West to Asia, which has represented over 50% of vehicle production since 2012. With 28 million vehicles produced in 2017, accounting for 29% of global automotive production, China is unquestionably the world’s biggest producer of automobiles.

(1) Source: LMC.

A GLOBAL FOOTPRINT

Valeo has 111,600 employees in 184 plants and 55 Research and Development centers, and a footprint in each of the world’s automotive production regions.

North America
24 plants
6 R&D centers
2 distribution platforms
16,433 employees

Europe
66 plants
30 R&D centers
8 distribution platforms
50,421 employees

South America
7 plants
3 R&D centers
2 distribution platforms
3,023 employees

Africa
7 plants
1 R&D center
4,066 employees

Asia – Middle East – Oceania
80 plants
15 R&D centers
3 distribution platforms
37,657 employees
In 2017, net Research and Development expenditure totaled 1,130 million euros, or 6.1% of total sales.

In 2017, Valeo filed a record number of patents, up 12% compared with 2016.

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%, up by 2 percentage points.
## Cash flow and financial structure

### TOTAL EBITDA AND EBITDA BY BUSINESS GROUP

*in millions of euros and as a % of each Business Group’s sales*

<table>
<thead>
<tr>
<th>Year</th>
<th>Comfort &amp; Driving Assistance Systems</th>
<th>Thermal Systems</th>
<th>Powertrain Systems</th>
<th>Visibility Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,841</td>
<td>12.7%</td>
<td>14.5%</td>
<td>12.4%</td>
</tr>
<tr>
<td>2016</td>
<td>2,144</td>
<td>13.0%</td>
<td>14.7%</td>
<td>13.9%</td>
</tr>
<tr>
<td>2017</td>
<td>2,436</td>
<td>13.1%</td>
<td>13.2%</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>Net payments for purchases of property, plant and equipment and intangible assets</th>
<th>Capitalized development expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>364</td>
<td>13.9%</td>
</tr>
<tr>
<td>2016</td>
<td>437</td>
<td>10.0%</td>
</tr>
<tr>
<td>2017</td>
<td>577</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

### FREE CASH FLOW

*in millions of euros*

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>565</td>
<td>661</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>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>124</td>
<td>537</td>
<td>1,852</td>
</tr>
</tbody>
</table>

### Other profitability indicators

### ROCE
*return on capital employed*

<table>
<thead>
<tr>
<th>Year</th>
<th>Comfort &amp; Driving Assistance Systems</th>
<th>Thermal Systems</th>
<th>Powertrain Systems</th>
<th>Visibility Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>33%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>34%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>30%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### ROA
*return on assets*

<table>
<thead>
<tr>
<th>Year</th>
<th>Comfort &amp; Driving Assistance Systems</th>
<th>Thermal Systems</th>
<th>Powertrain Systems</th>
<th>Visibility Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>20%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>21%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>19%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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1. 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.

2. Note that, in 2017, Valeo carried out the following external growth transactions: takeover of Ichikoh, creation of Valeo-Kapec and acquisition of FTE automotive.
NON-FINANCIAL INDICATORS

Non-financial performance recognized by the DJSI World and Europe indices

Environment – Innovation
CONTRIBUTION TO CO₂ EMISSIONS REDUCTION
% of total 2017 original equipment sales, by Business Group, attributable to products that contribute to CO₂ emissions reduction

Social – Labor-related
FREQUENCY RATE (FR₁(1)) OF OCCUPATIONAL ACCIDENTS

Governance

Board of Directors’ meetings held in 2017
92% of directors are independent(2)

Average effective attendance rate
93%

42% of the Board of Directors’ members are women(3)

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

(1) Calculation of FR₁: number of lost-time accidents x 1,000,000/number of hours worked during the year.
(2) In accordance with the AFEP-MEDEF Code, this figure does not include the director representing employees.
(3) In accordance with Article L. 225-27-1, 8 of the French Commercial Code, this percentage does not include the director representing employees.
SHAREHOLDER INFORMATION

SHARE PRICE RISE IN 2017

14%

5 percentage points ahead of the Euronext Paris CAC 40 index, which rose by 9%

Valeo takes care to maintain a permanent link with its individual shareholders via its website, which features the Shareholders’ Guide, the Shareholders’ Letter and, since 2017, the club for individual shareholders.

SHARE PRICE (in euros)

OWNERSHIP STRUCTURE AT MARCH 30, 2018

% of share capital (% of voting rights)

6.39% (6.25%)
Harris Associates LP

5.07% (4.97%)
The Capital Group Companies Inc.

88.54% (88.78%)
Other(1)

Number of shares
239,653,121

Number of voting rights
244,874,763

(1) Including 1,766,665 treasury shares (0.74% of the share capital).

STOCK MARKET DATA

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>March 29, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARKET CAPITALIZATION AT YEAR-END (in billions of euros)</td>
<td>13.06</td>
<td>14.92</td>
<td>12.85</td>
</tr>
<tr>
<td>NUMBER OF SHARES</td>
<td>239,143,131</td>
<td>239,653,121</td>
<td>239,653,121</td>
</tr>
<tr>
<td>HIGHEST SHARE PRICE (in euros)</td>
<td>56.47</td>
<td>67.80</td>
<td>66.48</td>
</tr>
<tr>
<td>LOWEST SHARE PRICE (in euros)</td>
<td>33.88</td>
<td>54.05</td>
<td>52.00</td>
</tr>
<tr>
<td>AVERAGE SHARE PRICE (in euros)</td>
<td>46.20</td>
<td>60.28</td>
<td>59.39</td>
</tr>
<tr>
<td>SHARE PRICE AT PERIOD-END (in euros)</td>
<td>54.61</td>
<td>62.27</td>
<td>53.64</td>
</tr>
</tbody>
</table>
VALEO, LEADING THE WAY
INVENTING TOMORROW’S MOBILITY TODAY

With innovation at the heart of its strategy, Valeo devotes very substantial human and financial resources to the task of imagining, designing and developing technologies for electric, connected and autonomous vehicles.

INNOVATION, AT THE HEART OF VALEO’S STRATEGY
Substantial human and financial resources are invested by Valeo in innovation, which is the foundation of its strategy and the driving force behind its growth. In 2017, Valeo spent close to 1.9 billion euros on Research and Development, or around 12% of original equipment sales, while Valeo’s 55 R&D centers worldwide employ a 20,000-strong research workforce dedicated to imagining, designing and developing technologies for electric, connected and autonomous vehicles. This strategy is paying off: in 2017, innovative products that didn’t even exist three years ago accounted for 50% of the Group’s order intake. In a further demonstration of its capacity to innovate, in 2017, Valeo filed more than 2,000 patent applications worldwide and once again topped the intellectual property institute (INPI) ranking of patent filers in France.
WORLD NUMBER ONE IN ELECTRIFICATION

As a pioneer and world number one in vehicle electrification, Valeo fits one in every three cars worldwide with Valeo electrical systems, which contribute to reducing CO₂ emissions. From mild-hybrid to high-power solutions, Valeo’s electrification technologies span the different vehicle requirements and segments, from small urban cars through to SUVs and premium sedans.

Valeo invented the Stop-Start system and, with some 25 million 12 V systems produced every year, leads the field in mild-hybrid systems, which recover braking energy to improve the efficiency of internal combustion engines. Valeo has also developed a hybrid system combining a low-voltage (48 V) electric motor with a traditional engine. It reduces fuel consumption and CO₂ emissions by around 10% at a highly affordable cost, as no changes are required to the internal combustion engine architecture. This is the most cost-effective solution available to automakers today for introducing hybrid capabilities on existing models.

Through the Valeo Siemens eAutomotive GmbH joint venture, Valeo also offers high-power (above 60 V) solutions for hybrid, plug-in hybrid and full electric models. Valeo Siemens eAutomotive GmbH, which was set up in December 2016, had already recorded order intake of 6.1 billion euros at end-2017.
— Smart cars: imagination at the wheel

INCREASINGLY AUTONOMOUS CARS
The autonomous car is being developed in successive stages, with widespread take-up of automation features already well underway. Some 12 million vehicles worldwide are already fitted with Valeo automated parking systems, a hugely convenient feature for drivers. Also important for autonomous vehicles, Valeo offers the automotive industry’s widest portfolio of sensors: ultrasonic sensors, cameras, radars, laser scanners, etc., which can be thought of as the eyes and ears of the autonomous vehicle. Valeo is currently the only manufacturer to mass produce laser scanners for automotive applications. Its SCALA® laser scanner is capable of detecting both stationary and moving objects up to a distance of 150 meters and with a 145-degree field of vision. Valeo also develops software that merges the data collected by these different sensors, in the same way that the human brain processes information from the five senses. Because the autonomous vehicle has to analyze complex environments, Valeo also invests in artificial intelligence, which enables the vehicle to learn for itself.

A CAR THAT TAKES CARE OF YOU
For quite a few years to come, drivers will still be in control of their car. It will be up to them to decide whether or not to delegate the task of driving, depending on their needs, circumstances and the driving conditions. During delegated driving phases, drivers will be able to turn their seats around and enjoy the ride, because as well as being autonomous, electric and connected, the car of the future will also be centered around driver and passenger well-being.

Personalized thermal comfort
Thermal comfort is essential for onboard well-being. At the 2018 Consumer Electronics Show in Las Vegas, Valeo offered a preview of its technology which provides passengers with personalized thermal comfort, adjusted to what is strictly necessary. Based on heart and breathing rates, clothing and morphology, the system uses biometric sensors and infrared cameras to gage the thermal profile of each occupant and modulate and adapt thermal comfort according to their individual needs. The technology also includes high-efficiency filters to clean incoming air, neutralizing ultrafine particles and toxic gases, and an ionizer to deodorize and clean the air inside the cabin.

Onboard intelligence
As vehicles become more autonomous they will rely more and more on artificial intelligence. To keep abreast of fast-moving developments in the field, in 2017 Valeo created Valeo.ai, the first global research center specializing in artificial intelligence and deep learning for automotive applications. Valeo also recently presented Valeo Drive4U.ai™, its autonomous demo car, in a world première at the 2018 Las Vegas Consumer Electronics Show (CES). The car’s neural network gives it self-learning capabilities enabling it to analyze complex environments.
A personalized ambiance
As well as adapting to physiological criteria, the ambiance inside the vehicle cabin can also adapt to the mood of its occupants (particularly the driver).
If the driver shows signs of stress, a relaxing fragrance fills the car, while if he or she shows signs of fatigue, a coffee aroma is released. At the same time, the negative ions released by the ionizer help to produce a soothing atmosphere.

Interior lighting variations
The sensation of well-being in the cabin is enhanced by variations in the interior lighting. As the driver journeys through different driving phases, the interior lighting changes, with warm colors enhancing the feeling of warmth and lighter shades for a refreshing sensation. When the driver is in control, the interior lighting displays driving-assistance features to enhance safety, for example blind spot detection and road hazard identification by reflecting light on the windshield, etc.
When the driver delegates driving to the vehicle, the ambiance changes, with softer colors and a relaxing fragrance that fills the cabin for a unique sensory experience. When the driver takes back control of the vehicle, the lighting provides visual cues around the cabin interior to guide the driver’s eyes back to the wheel, safely leading them to focus their attention on the road.

A car that knows you

JUST IMAGINE...
Paul drives his son to nursery every morning, but this particular morning he’s running a little late.
Before leaving the house, he switches on the car’s air purifier remotely using his smartphone. He settles his child in the rear seat. The car detects the young passenger immediately, and responds by turning up the rear heating and setting the stereo to play children’s songs.
The car knows that Paul is likely to phone the nanny, so it displays her number first.
Once he has dropped off his son, Paul’s office number appears.
When Paul leaves the office in the evening with an empty schedule, the car assumes he’s going to pick up his son and head home. Because there’s a soccer game in town that evening, the car opts for a different route, to avoid any traffic around the stadium.
On arriving home, Paul helps his son out of the car, which then goes off to park itself.
This is the kind of scenario made possible by Valeo My Mobius, a human-machine interface combining Valeo and CloudMade(1) technologies, which learns about drivers’ habits to anticipate their needs and suggest routes and personalized services.

The superpowers of Valeo XtraVue
Deciding whether or not to overtake is not always easy, especially without the superpowers to see what’s ahead of the car in front.
With Valeo XtraVue, Valeo makes this sci-fi scenario come true, by combining its technologies – telematic antenna, laser scanner, vision camera system – with video streams from the cameras of other connected vehicles and road infrastructure.
The merged data is presented on the dashboard display, providing the driver with a simple, enhanced view of the road.

(1) Company specializing in machine learning and big data, in which Valeo holds a 50% stake.
Above and beyond their own vehicles, users are increasingly taking to their smartphones to access new mobility solutions made possible through digital peer-to-peer platforms. Whether in public transportation, car-sharing, car hire, or company fleets, cars are increasingly being seen as a “service” for mobility. Valeo is an active player in this revolution, designing technologies that enable mobility and service operators to develop new offerings and create new business models.

**AUTONOM CAB, THE FIRST URBAN ROBO-TAXI**

In 2016, Valeo acquired a stake in and formed a technology partnership with French start-up Navya, which specializes in autonomous shuttles, featuring Valeo sensors. At the 2018 Consumer Electronics Show (CES) in Las Vegas, Navya’s Autonom Cab, a full electric driverless robo-taxi, made its world première. The vehicle is fitted with seven Valeo SCALA® sensors, the first ever LiDAR (Light Detection and Ranging) scanners to be mass produced for automotive applications. After autonomous shuttles, Autonom Cab uses Valeo technology to offer a new shared mobility service that meets both user expectations and the increasing need to reduce traffic congestion and pollution in large cities.

Some 12 million vehicles worldwide are fitted with the Valeo Park4U™ automatic parking system.

**DRIVING DIGITAL MOBILITY**

Digital technology is paving the way for new uses. With its partners, Valeo actively contributes to the emergence of smart, digital, connected, and shared new mobility solutions that make life easier for users.
WITH CYBER VALET SERVICES, THE CAR GOES OFF AND PARKS ITSELF

The Cyber Valet Services solution, developed in partnership with Cisco, enables vehicles to park safely and autonomously, i.e., without a driver onboard, in connected parking lots. To drive autonomously inside the parking lot, the car uses a combination of technologies: Valeo Park4U™, Valeo onboard telematics, and Cisco Parking Controller, a system equipping parking lots with WiFi, video sensors and artificial intelligence technologies. As well as optimized parking, parking lots equipped with the system will be able to provide customers with convenient access to new services such as automatic washing, maintenance and automated electric vehicle charging. For fleet managers, this service will optimize operations by reducing the time it takes to drop off and pick up vehicles.

MOV’INBLUE™, INTELLIGENT CAR-SHARING

Mov’InBlue™, launched in 2016 in partnership with Capgemini, is a secure virtual key developed for company fleets and car hire companies. It locks, unlocks and starts the vehicle, enabling customers to pick up and return their hire cars without having to worry about opening times, waiting in line, or where the vehicle is located in the hire company’s parking lot. In 2017, the system was in use on over 1,000 vehicles, with company fleets and leasing companies as well as car hire agencies. Company fleet managers can use this intelligent virtual key to promote efficient car-sharing among employees by optimizing booking schedules and key management. Real-time data collection on maintenance, usage rates, etc. also allows them to manage fleet size and availability more efficiently.

Mov’inBlue™, a car-hire favorite

After Rent-A-Car and vehicle leasing company Parcours, two other European operators have taken up Mov’inBlue™: Gold Car in Spain, which uses the system at five airports, and Berlin-based start-up Smexx, with rollout in Germany and Northern Europe.
CLOSE-UP
Valeo’s open innovation ecosystem\(^{(1)}\)

Valeo's open innovation strategy is built on numerous collaborations with universities, laboratories, start-ups and major industrial groups. This allows it to shorten development cycles for its products and time-to-market for its innovations.

\(^{(1)}\) Non-exhaustive list.
VALEO, A REVOLUTION UNDERWAY
PAVING THE WAY FOR INTUITIVE DRIVING AND THE AUTONOMOUS CAR

Valeo’s Comfort & Driving Assistance Systems Business Group develops technologies to make driving safer, more intuitive, more autonomous and more connected.
In 2017, the Comfort & Driving Assistance Systems Business Group’s original equipment sales rose by 6%, and order intake reached a record level in China, with nearly 70% coming from local automakers.

Valeo innovates to make the user experience as intuitive as possible, an important factor with the arrival of new vehicle features, the increase in delegated driving phases, and ever-greater in-car connectivity. In line with this strategy, in 2017 Valeo acquired gestigon, a German start-up specializing in 3D image processing software.

Another key event was the launch of the new Audi A8, the first vehicle in the world fitted with Valeo SCALA®, the automotive industry’s first and only mass produced LiDAR (Light Detection And Ranging). This laser scanner, which features a long detection range, a wide field of vision, high resolution and high precision, enhances Valeo’s portfolio of automotive sensors, the largest on the market, comprising ultrasonic sensors, cameras and radars. These systems and technologies are key for autonomous cars. Valeo’s sensors act as the eyes and ears of the vehicle, enabling it to see and perceive its surroundings, from within a few centimeters to up to more than 200 meters away.

**CONSOLIDATED POSITIONS**

Valeo’s wide offering of automotive sensors also enables it to strengthen its positions in the active safety systems market. Front cameras and radars now help to prevent or reduce impact in emergency situations. In 2017, Valeo recorded new orders for SCALA® laser scanners, front cameras and radars in Europe and Asia. In North America, Valeo is now the number one supplier of 360° cameras to the top three US automakers.

Following the launch of its smartphone-controlled Valeo Remote parking system in 2016, Valeo won two major orders from two leading automakers. Significant order intake was registered in Asia for telematics systems featuring high-speed connectivity and cybersecurity features, highlighting the value of the synergies announced with the acquisition of peiker in 2016.

**PARTNERS IN DIGITAL MOBILITY**

In 2017, Valeo signed a cooperation agreement with Cisco, which led to the launch of the Cyber Valet Services smart parking solution (see left). Also during the year, Valeo and Capgemini launched Mov’InBlue™, the industry’s first secure vehicle reservation and fleet management solution, based on Valeo’s InBlue™ smart key technology. Valeo also acquired a stake in onboard telematics specialist Kuantic, the leading European player in machine-to-machine solutions for connected vehicle fleet management.

**€3.6bn** in sales (19% of total Group sales).
ELECTRIFICATION, A NEW GROWTH DRIVER

Valeo’s Powertrain Systems Business Group develops innovative solutions for reducing CO₂ emissions and fuel consumption without compromising vehicle performance or driving pleasure. It covers three main areas: electrification, transmission automation and clean engines.
more and more motorists appreciate the greater comfort they offer, and by the growing take-up of hybrid and electric vehicles, which need these kinds of automated transmission. In 2017, Valeo completed two external growth operations aimed at reinforcing the Group's strategy in transmission automation: (i) it formed Valeo-Kapec, set to become world number one in torque converters, with longstanding South Korean partner PHC Group; (ii) it acquired FTE automotive, positioning Valeo as the technology leader in actuators.

OPTIMIZED COMBUSTION ENGINES

CO₂ emissions can also be reduced through combustion engine optimization. Valeo offers a range of components (mechatronic actuators, sensors, electric superchargers) to help automakers make clean, efficient, high-performance engines.

In 2017, work started on two new projects in the area of throttle valves for gasoline engines in China. The Business Group's customer portfolio also grew to include two new premium automakers, as well as a leading truck manufacturer for sensor development.

THE 48 V FULL ELECTRIC URBAN VEHICLE

In partnership with Shanghai's Jiao Tong University, Valeo has developed a two-seater urban vehicle prototype featuring 48 V technology with an electric rear axle drive, DC/DC converter and built-in charger. It is the world's most powerful 48 V vehicle for its affordable price of around 7,500 euros. The full electric prototype can reach speeds of up to 100 km/h, with a range of 100 km, and be charged at any EV charging station.

CONSOLIDATED LEADERSHIP IN VEHICLE ELECTRIFICATION

Valeo’s electrification technologies span the full spectrum of requirements and vehicle segments, from small urban cars through to SUVs and premium sedans. Valeo offers both mild-hybrid systems (12 V to 48 V) and high-voltage solutions (>60 V) for plug-in hybrid and full electric vehicles. High-voltage systems are developed by the Valeo Siemens eAutomotive GmbH joint venture, which was formed in 2016, and posted order intake of 6.1 billion euros in 2017. With series production startup for 48 V electrical systems, Valeo consolidated its leadership on the markets for 48 V belt-driven systems and DC/DC converters. 2017 also saw strong growth in demand for battery chargers, especially on the Chinese market, and series production startup for high-power chargers. Valeo also developed a small two-seater urban prototype using its 48 V technology (see left), in partnership with Shanghai’s Jiao Tong University.

TWO STRATEGIC OPERATIONS

The Business Group’s growth potential was also boosted by the rise in transmission automation. Increasing demand for automated and semi-automated gear boxes is driven both by the fact that

€4.3bn
in sales (23% of total Group sales).
THERMAL MANAGEMENT FOR ENHANCED COMFORT

The Thermal Systems Business Group’s two main areas of activity and innovation are reducing pollutant emissions from combustion-engine vehicles, and increasing the driving range and battery life of electrified vehicles. A third, new activity focuses on improving the well-being of vehicle occupants.
The Thermal Systems Business Group posted consolidated original equipment sales growth of 7.8% in 2017, outpacing global automotive production by around 6 percentage points. Growth was driven primarily by certain markets and by Valeo’s operations themselves. Performance was especially strong in Europe and Asia (China in particular), in large part thanks to climate control and engine cooling. The technologies and innovations rolled out by the Business Group in 2017 enabled it to seize new growth opportunities and to post all-time record order intake for the second year running.

More specifically, new contracts were signed with two Chinese automakers, confirming the solidity of the market for electric compressors. In Europe, new contracts were signed with several German automakers.

**POLLUTANT EMISSIONS REDUCTION AND ELECTRIC MOBILITY**

To respond to the new challenges in the automotive industry, the Business Group develops innovative solutions to reduce pollutant emissions from combustion engines, with the focus on reducing product weight, improving aerodynamics and increasing energy efficiency.

The Business Group also offers a full portfolio of optimized cooling systems for plug-in hybrid and full electric vehicles. These systems are designed to provide optimal operating conditions so that the temperature of the vehicle’s battery cells are maintained and their lifespan preserved. Valeo’s innovations seek to ensure passenger comfort without compromising driving range.

Valeo also has intensive development plans with many customers for future generations of electric vehicles, with the aim of optimizing the size, performance and cost of the proposed solutions.

**ONBOARD WELL-BEING**

Valeo leverages its expertise to anticipate the development of new forms of mobility and focus its R&D work on passenger comfort and well-being. One outcome of this work is the group’s Air Quality product range, designed to improve air quality in the cabin, which will increasingly be perceived as a “safe zone” (see left). Orders are starting to come in for products in this range.

To support the development of car-pooling and shared vehicle fleets, Valeo also develops intelligent systems which will eventually be capable of carrying across the comfort settings of individual user profiles from one vehicle to another via the cloud and using artificial intelligence.
SEE AND BE SEEN: THE VALEO VISION

Driver and passengers need efficient lighting and wiper systems to support them in all weather conditions, day and night, and in all their onboard activities. The Visibility Systems Business Group has made it its mission to meet this need.
In 2017, the Business Group expanded with the takeover of Japanese company Ichikoh, propelling Valeo to the position of world number one in automotive lighting. The Business Group also began series production for the first BiLED Access Matrix module on the latest Mini Cooper. It saw highly successful take-up for the new range of Thin Lens lighting modules, featured on the latest Range Rover Velar and Avalon and the Jaguar F-Type. Interior lighting systems were also delivered for premium models including the Audi Q5, and the Volvo XC40 and XC60.

It supplied full intelligent lighting system architecture comprising cameras, headlamps, control units and embedded software to a major mass-market automaker. It also continued to grow in the electronics market, thanks to its expertise in drivers and control units.

The shift from traditional washer components to blade-integrated washer systems intensified in 2017, as did the take-up of electronics in wiper motors. This was demonstrated with major achievements such as the launch of the AquaBlade™ blade-integrated washing system on the Volvo 60 and Alpine A110 platform, the electronic wiper system for the Geely CX11 in China, and production startup of wiper systems for the Freightliner Cascadia in the United States.

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Valeo Service aims to ensure that second-life vehicles can benefit from technological progress for improved safety and lower running costs. This is a major challenge when you consider the average age of vehicles on the road today. In regions such as Europe, the average age is close to ten years. In 2017 alone, Valeo Service added 7,700 new references to its product catalog, with the repair and replacement parts offering growing by nearly 150 new products per week.
Footprint in 150 countries.

320 product families. More than 7,700 new products launched in 2017, an increase of 60% on 2016.

15 distribution platforms.

2,500 mechanics trained online in 2017.

**DIGITAL TECHNOLOGY FOR CLOSER CUSTOMER CONTACT**

The technology content of the spare parts and subsystems used by vehicle maintenance and repair specialists is constantly increasing. But the more complex their operations, the harder Valeo works to make things easier for aftermarket businesses. Support can take the form of innovative digital systems enabling it to deliver efficient services ever closer to its customers. That’s the power of digital tools – they offer unlimited geographic reach and can still provide targeted content. As well as running online technical training through webcasts accessible anywhere in the world, live or on demand, Valeo also offers a dedicated online assistance application that brings the Valeo expert, virtually speaking, directly into the workshop or garage, wherever it is located. The Valeo expert can see what the mechanic sees via his or her smartphone, and provide live guidance and advice as if he or she were actually there in the workshop. Then there’s the MyValeoParts application, which conveniently enables users to locate the right part in a couple of clicks, by vehicle type, reference number, or product barcode.

**INTERNATIONAL DEPLOYMENT FOR CLOSER CUSTOMER CONTACT**

Valeo Service has a footprint in 150 countries and continued its international expansion in 2017. The Africa and Overseas Sales Division opened two new offices, in South Africa and Australia, extending its coverage to 70 countries. In 2017, Valeo Service opened an office in Dubai, bringing Valeo Service’s coverage in the Middle East to 15 countries. By broadening its presence worldwide, Valeo Service enhances its responsiveness and improves the relevance of the solutions it offers to vehicle maintenance and repair professionals.

**STRATEGY REWARDED**

Valeo earned several awards for the quality of its offering and its support strategy for repair and maintenance businesses in 2017. GroupAuto International named Valeo Service Best Supplier in the Marketing category, for its capacity to support the strategy of a group with more than 1,400 retailers, 4,900 points of sale, 5,800 passenger car garages and 1,300 commercial vehicle garages in 52 countries. Temot International, whose network numbers close to 20,000 garages, labeled Valeo Service Best Supplier for industrial vehicles, while Groupe PSA awarded Valeo Service its Best Aftermarket Performance prize.
In 2017, Valeo once again demonstrated its ability to grow faster than automotive production in most regions of the world, outpacing automotive production by 3 percentage points in Europe, 8 percentage points in North America, and 15 percentage points in China. Valeo also continued to rebalance its geographic positioning and customer portfolio, with growth continuing to accelerate in Asia, and particularly in China. In 2017, Valeo generated 47% of its original equipment sales in Europe, 30% in Asia, 21% in North America and 2% in South America. Asian customers now account for 33% of Valeo sales, German customers for 28%, US customers for 19% and French customers for 14%. The Group’s growth in Asia, and with Asian automakers, was bolstered in Japan by Valeo’s takeover of Ichikoh, Japanese leader in automotive lighting, and in South Korea by the formation, with longstanding partner Pyeong Hwa Group, of Valeo-Kapec, set to become the world leader in torque converters for automatic and continuously variable transmissions.

Order intake in 2017 (excluding Valeo Siemens eAutomotive) hit a record 27.6 billion euros, further highlighting the rebalancing toward Asia, which accounted for 40% of this figure. China accounted for 27% of the order intake in Asia, with 38% of orders booked with local Chinese automakers. Some 42% of the 2017 order intake came from Europe (and Africa) and 16% from North America.

As partner to all automakers, Valeo continued to outpace the automotive market in most regions of the world, rebalancing its geographic positioning and customer portfolio towards Asia, particularly China.

FTE Automotive joins Valeo
With the acquisition of FTE Automotive, Valeo extends its offering of active hydraulic actuators, on a strategic high-growth market largely driven by rising demand for dual-clutch transmissions as well as hybrid and full electric vehicles. The acquisition will also strengthen Valeo’s aftermarket business.

50% of 2017 total order intake for innovative products.

— Valeo, a major player in China

China makes more automobiles (and more electric vehicles) than any other country, accounting for 29% of global production in 2017. It also accounts for the largest proportion of Valeo’s order intake and headcount.

Valeo’s sales in China grew by 17% in 2017, outperforming automotive production by 15 percentage points.

Valeo has been operating in China for nearly 25 years (since 1994) and is now a major local player, both with international customers and Chinese automakers. In 2017, Chinese automakers accounted for 38% of Valeo’s order intake in the country.

Valeo employs nearly 20,000 people in China across 32 plants and 7 Research and Development centers, the latest of which, specializing in lighting, and comfort and driving assistance systems, opened in Wuhan in 2017. Valeo is the leading player in vehicle electrification and boasts the world’s largest electrical systems plant, located in Shanghai. In 2017, in a partnership with Shanghai’s Jiao Tong University which dates back to 2014, Valeo developed the first 48 V urban vehicle prototype. This low-voltage, full electric vehicle made its world debut at the Las Vegas Consumer Electronics Show (CES) in January 2018. Further proof of Valeo’s focus on China was the choice of Beijing as the venue for the Board of Directors’ annual strategy seminar in November 2017. This event included a visit to the Comfort & Driving Assistance Systems Business Group’s Shenzhen site, which specializes in intuitive interior controls as well as driving assistance systems. In 2017, Valeo also stepped up support for China’s highly dynamic automotive and mobility ecosystem by investing 375 million yuan (around 50 million euros) in Cathay CarTech, Cathay Capital’s first RMB fund.

At the forefront of the electric revolution

Valeo’s Shanghai Pudong plant is the world’s largest electric machines production facility. With nearly two million electric machines produced for the country, the Group is number one in China. Valeo was also the first automotive supplier to bring the new 48 V technology to the Chinese market, a country which is leading the roll out of this technology.
China, at the forefront of new mobilities

China makes more automobiles than any other country. As world number one in electric and plug-in hybrid vehicles, it is set to play a leading role in new mobilities.

A PROACTIVE POLICY
its status as world number one is no coincidence. With its Made in China 2025 plan and 13th five-year plan, China has charted a clear roadmap targeting leadership in innovation and high-added-value segments including clean and autonomous vehicles. The interest in sustainable mobility is not only financial. To combat air pollution in large cities, the Chinese government is aiming for a reduction of 60% to 65% in CO₂ emissions by 2030.

It has announced a blanket ban on internal combustion engines from 2030-2040 and is promoting the use of new energy vehicles (NEV) through vehicle purchase incentives aimed at consumers and an annual NEV sales quota for automakers. The aim is to double the number of NEVs on China’s roads by 2020 (currently 1 million(1)). The government’s policy is bringing rapid results: NEV deliveries increased by 53.8% in 2017(2).

FUTURE NUMBER ONE IN AUTONOMOUS DRIVING
China is also showing great interest in autonomous vehicles, which help ease traffic congestion in urban areas, reduce pollution and improve road safety. Determined to support the development of artificial intelligence in automotive applications, authorities have set an ambitious target of fitting 80% of new vehicles with advanced driving assistance features. By 2035, China will become the world’s largest market for autonomous driving, with 5.2 million partially automated vehicles and 3.4 million fully autonomous vehicles(3).

EN ROUTE TO INTELLIGENT MOBILITY
Mobility itself is undergoing transformation in China. Among the smart-city pilot projects launched by 290 cities, 93 focus on new mobilities, and on autonomous cars and car-sharing in particular. In 2017, Baidu, the Chinese internet giant, conducted China’s very first real-life fully autonomous driving test on Beijing’s fifth beltway. In 2018, Beijing introduced an official area for conducting such tests and, in July 2017, a 100 sq.km closed course for testing autonomous vehicles was opened in the Shanghai International Automobile City. The next step will involve road tests, with an area spanning 25 sq.km to be opened for this purpose in late 2018.

(1) Source: Bloomberg
(2) Source: China Association of Automobile Manufacturers
(3) Source: Boston Consulting Group survey
CLOSE-UP
Performance compared to automotive production

Original equipment sales growth and breakdown by destination region

WORLD
OE sales
+7%

Valeo outperformance
5 pts

NORTH AMERICA
20% of sales⁽¹⁾
OE sales
+4%

Valeo outperformance
8 pts

SOUTH AMERICA
2% of sales⁽¹⁾
OE sales
+16%

Valeo underperformance
6 pts

⁽¹⁾ Like for like (constant group structure and exchange rates).
EUROPE (incl. Africa)  
47% of sales (1)  
—  
OE sales +6%  
—  
Valeo outperformance  
3 pts

ASIA  
excl. China  
(incl. Middle East & Oceania)  
16% of sales (1)  
—  
OE sales +4%  
—  
Valeo outperformance  
0 pts

CHINA  
15% of sales (1)  
—  
OE sales +17%  
—  
Valeo outperformance  
15 pts
THE VALEO SCHOOL OF OPERATIONAL EXCELLENCE

Valeo’s 5 Axes methodology has been the cornerstone of the Group’s operational excellence since 1991 and is rigorously applied across all of the Group’s sites worldwide. It provides each employee with tools and a common language for achieving total customer satisfaction in a safe working environment that provides well-being for all.
3.0 defective parts per million products delivered (customer return rate in 2017, an 18% improvement on 2016).

Under rapid growth, Valeo applies the 5 Axes methodology to ensure the smooth integration of all new employees worldwide. This is essential if the Group is to maintain and develop the level of operational excellence that has forged its success.

In two years (2015-2017), Valeo’s headcount has risen steeply in all of the world’s regions where it operates, especially in Asia, driven by growth in China and India. At the end of 2017, Valeo employed a total of 111,600 people, an increase of 21.6% on 2016. This progression is partly explained by three strategic operations: acquisition of FTE automotive in Germany, which mainly impacted the workforce in France and Germany; and takeover of Ichikoh in Japan and formation of Valeo-Kapec in South Korea, which contributed to the sharp rise in the Group’s headcount in Asia.

Grand slam in China

To ensure effective implementation of its 5 Axes methodology, all Valeo sites are audited to the Valeo 5,000 standard at least once a year. In 2017, the Visibility Systems’ Foshan SP site in China achieved an unprecedented grand slam, ranking first in the Valeo 5,000 audits for each of the 5 Axes, and claiming the highest overall score worldwide.
114
the number of awards from customers in 2017.

THE 5 AXES, AT THE HEART OF THE VALEO CULTURE
In order to maintain a high level of operational excellence, which forms the basis of the Group’s corporate culture and is a key factor in its success, ensuring the smooth integration of new hires is a high priority. Valeo’s operational excellence is built on world-class quality, a set of values shared by all employees, and a firm commitment to labor-related, social and environmental issues.

TRAINING IN OPERATIONAL EXCELLENCE
Sharing the corporate culture is a great way of encouraging integration, as it promotes both skills development as well as interaction between employees from different backgrounds. Training is a key factor in integration, as it enables all employees to quickly grasp Valeo’s operational excellence principles. Training by certified regional instructors in Valeo’s cultural foundation, and the 5 Axes in particular, was a major focus of the Group’s efforts in 2017. New employees also receive training in ethics and compliance, through e-learning modules available in 13 different languages. This is another important way of unifying the Group’s workforce around a set of common principles.

5 values
Valeo’s culture is rooted in strong values.

- ETHICS
- TEAMWORK
- TRANSPARENCY
- PROFESSIONALISM
- RESPONSIBILITY
CLOSE-UP
A culture of excellence and continuous improvement

INVolvEMENT OF PERSONNEL
Inspire the ongoing commitment of all Group employees by creating a safe working environment that fosters employee well-being.

PRODUCT DEVELOPMENT
Constantly offer innovative technologies while guaranteeing flawless product launches.

TOTAL QUALITY
Provide products and services of uncompromising quality.

PRODUCTION SYSTEM
Set out methods and tools to support the Group’s industrial strategy.

SUPPLIER INTEGRATION
Maintain a supplier base of the most innovative and efficient suppliers that complies with the highest standards.
VALEO, A GLOBAL PLAYER IN SUSTAINABLE MOBILITY
Valeo’s sustainable development policy is instrumental in preparing the Group to meet the challenges of the future in terms of Research and Development, social and environmental responsibility and mobility in its widest sense. As a technology company, for Valeo, meeting tomorrow’s sustainable development challenges means continuing to offer innovations for cleaner, more autonomous and more connected automotive mobility integrated into its ecosystem. Similarly, supporting the Group’s growth means limiting the environmental footprint of its sites, attracting and retaining tomorrow’s talent, and strengthening ties between sites and their local partners.

**Innovator in a changing industry**

Valeo’s commitment to sustainable development is also in line with France’s multilateral efforts to fight against climate change. In connection with the Paris climate agreement and COP21, Valeo has shown its commitment to combating climate change, for example by participating in the French Business Climate Pledge. The aim of this pledge, signed by 39 large French companies, is to set quantitative targets for reducing greenhouse gas emissions and, more broadly, limiting their environmental footprint. Valeo’s participation in this initiative was renewed during COP22 and 23. Similarly, Valeo contributed to the commitments made by French companies for the One Planet Summit held in December 2017. Lastly, Valeo is also committed to the circular economy and, alongside 33 French companies listed in Paris, participated in the AFEP’s “Trajectoires pour l’économie circulaire” (Paths for the circular economy) program, which resulted in 100 companies signing commitments in this area.
To best support the implementation of its sustainable development policy, since 2016 Valeo has surveyed all of its stakeholders (employees, automaker customers, research partners, suppliers, financial community, etc.) to define the main challenges facing the Group in terms of sustainable development. This work, which involves comparing its priorities with those put forward by its stakeholders, has allowed Valeo to structure its sustainable development approach around four key axes: innovation, environmental eco-efficiency, employees and commitment to corporate citizenship. For each of these priorities, Valeo has drawn up an action plan and established key performance indicators, which it monitors rigorously on an ongoing basis (see performance chart below) as part of its ambitious 2016-2020 plan.

A STRUCTURED SUSTAINABLE DEVELOPMENT POLICY

PERFORMANCE CHART SHOWING THE KEY OBJECTIVES AND PERFORMANCE INDICATORS OF THE GROUP’S SUSTAINABLE DEVELOPMENT POLICY

<table>
<thead>
<tr>
<th>AXES</th>
<th>CHALLENGES</th>
<th>KEY INDICATORS</th>
<th>UNIT</th>
<th>2015 RESULTS</th>
<th>2016 RESULTS</th>
<th>2017 RESULTS</th>
<th>TARGETS (2020)</th>
</tr>
</thead>
</table>
| INNOVATION                 | Low-carbon mobility solutions/ Autonomous and connected vehicles | • Share of innovative products in order intake\(^{(1)}\)  
• Share of products contributing to the reduction of CO₂ emissions | % of order intake  
% of sales | 37%          | 50%          | 50%          | >40%           |
| ENVIRONMENTAL ECO-EFFICIENCY | Energy and carbon efficiency of production  
• Energy consumption (divided by sales)  
• Direct (scope 1) and indirect (scope 2) emissions (divided by sales)  
• ISO 50001 certification (energy management) of sites | MWh/€m  
Mt CO₂/€m  
% of sites | 143          | 137 (-4%\(^{(2)}\))  
56.3          | 56.6 (+0.5%\(^{(2)}\))  
8%           | 12%          | 13%          | 20%          |
| Discharges and waste       | Production of hazardous and non-hazardous waste (divided by sales) | Mt/€m | 16.4          | 17.0 (4%\(^{(2)}\))  
16.6 (10%\(^{(2)}\)) | 15.6 (-5.0%\(^{(2)}\)) |
| Water                      | Water consumption (divided by sales)                    | cu.m/€m | 198          | 184 (7%\(^{(2)}\))  
175 (-12%\(^{(2)}\)) | 186 (-6.0%\(^{(2)}\)) |
| EMPLOYEES                  | Safety and working conditions                           | • Frequency rate of occupational accidents with lost time (FR1)  
• Number of lost-time accidents/ million hours worked | 2.4          | 2.3          | 2.0          | <2            |
| Attracting and retaining talent | Voluntary turnover of managers and professionals  
• % of the M&P workforce | 6.7%  
7.0%  
7.3% | 7%          | ≤7%          |<7%           |
| Promoting and respecting fundamental rights | Share of employees who acknowledged receipt of the Code of Ethics and who were trained on its content |  
% of total workforce | N/A          | 95.0%         | 95.0%         | 100%          |
| Promoting diversity       | Share of women in new hires during the year            | % of new hires during the year | 32.4%         | 31.2%         | 32.0%         | >33%          |
| COMMITMENT TO CORPORATE CITIZENSHIP | Purchasing and sustainable development  
• Share of production purchases for which the suppliers’ sustainable development practices were assessed during the year | % of the amount of purchases | 60%          | 63%          | 67%          | 80%           |
| Local integration         | Organization of initiatives and events by the Valeo sites with the elementary and secondary schools in the regions where they operate | % of sites | N/A          | N/A          | 48%          | 80%           |

\(^{(1)}\) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive, FTE automotive and Valeo-Kapec. \(^{(2)}\) Change compared with 2015.
A SUSTAINABLE DEVELOPMENT POLICY GEARED TOWARDS TOMORROW’S MOBILITY

Valeo is a responsible leader that actively takes part in ongoing dialog and in-depth discussion with relevant stakeholders, namely towns and cities, on tomorrow’s urban mobility.

Today, the combination of a number of factors – new consumer expectations, climate change, increasing urbanization and the development of regulations to reduce CO₂ emissions – is prompting demand for new types of vehicles (hybrid, electric, etc.) and new forms of vehicle use (shared mobility, on-demand mobility, etc.).

SMART CARS
Valeo sees the change in end consumer behavior as a positive driver of growth, as it encourages the entire automotive industry to overhaul its technical, business and financial models. By placing new forms of mobility at the heart of its innovation strategy, Valeo aims to contribute to the development of smart cars and, eventually, the emergence of smart cities. It aims to provide practical solutions for smarter, low-carbon urban mobility. To this end, the Group develops innovative products, such as a prototype for an affordably priced (€7,500) low-voltage (48 V) full electric vehicle, ideal for the short distances and low speeds of urban driving.

AUTOMOTIVE INDUSTRY
In all the markets in which it operates, Valeo is a major player committed to making proactive contributions to discussions on new forms of mobility. In France, Valeo supported entering into dialog with stakeholders within the Automotive Industry Platform (Plate-forme de la filière automobile - PFA) and, in 2017, actively took part in the organization’s work as well as discussions about all automotive mobility issues on a national level (carbon impact of the automotive industry, new forms of mobility, the role of the automotive industry in the regions, its social impact, relations between contractors and suppliers, etc.). At European level, Valeo is involved in collaborative, precompetitive research through the European Commission’s European Road Transport Research Advisory Council (ERTRAC). In the United States, Valeo works with research teams from the National Highway Traffic Safety Administration (NHTSA). Valeo is also a member of the French-Chinese automotive industry working group coordinated by the two countries’ respective ministries of industry.

Tomorrow’s transportation
The International Transport Forum (ITF) at the OECD is an intergovernmental organization with 59 member countries. Its mission is to foster a deeper understanding of the role of transportation in economic growth, sustainable development and social inclusion and to raise the public profile of transportation policy. With a view to making contributions of the highest standard to the discussions of the international organization, in early 2018 Valeo joined the ITF’s Corporate Partnership Board, a platform for discussion between the ITF, its member states and transportation-sector companies.
Automakers are increasingly demanding when it comes to their suppliers’ sustainable development commitments and performance. More and more of them ask the Group about its labor and pay policies, health and safety program, environmental procedures and hazardous material management. This trend is on the rise throughout the world.

**A SUSTAINABLE DEVELOPMENT POLICY ENDORSED BY ITS CUSTOMERS**

The Group’s strategy of designing, developing and producing products and systems contributing to the reduction of CO2 emissions has won the approval of its customers, as shown by the constant increase in the share of innovative products in Valeo’s order intake since 2011. In 2017, these products accounted for half of the order intake.

Customers have also recognized the performance of Valeo’s sustainable development strategy (social, environmental performance, etc.).

Since 2016, they have conducted sustainable development audits at the Group’s plants. They involve rigorous analysis of all sustainable development practices, and have led to endorsement of the methodologies adopted by Valeo.

In their commercial relationship with Valeo, some customers, particularly major European and Asian automakers, use a sustainable development performance rating. The score is based on an overall evaluation of the Group and on audits conducted at the plants that supply them with parts.

**ONE STEP AHEAD TO BEST MEET AUTOMAKERS’ GENUINE NEEDS**

Valeo responds to customer requests accurately and attentively, particularly the most challenging requests concerning its products and practices. The Group systematically fills out self-assessment questionnaires and complies with specific requests, such as on-site audits.
After its remarkable debut in the benchmark Dow Jones Sustainability Indices (DJSI World and DJSI Europe) in 2016, as the number-one player in the auto components category, Valeo maintained its non-financial performance(1) in 2017.

Following the assessment of all the Group’s sustainable development initiatives (governance, risks, Research and Development, environment, labor issues, corporate citizenship, etc.), RobecoSAM ranked Valeo first in the auto components category for the second year running, with a score of 79 out of 100. This performance cements Valeo’s position as the leading automotive supplier in the DJSI World and DJSI Europe indices.

On top of this achievement, the Carbon Disclosure Project (CDP) gave the transparency of Valeo’s communication and performance in terms of carbon impact a grade of A- Leadership for 2017, based on its new methodology implemented in 2016.

This is the second-highest possible grade and three levels (out of eight) above the average result of participating companies.

Lastly, Sustainalytics awarded Valeo a score of 84 out of 100 for sustainability, making it the leader among automotive suppliers and tire manufacturers.

These acknowledgments demonstrate the Group’s ability to create value and control risks over the long term, while upholding best practices in environmental and social responsibility and corporate governance.

As a mobility player, Valeo intends to continue its efforts along these lines in the coming years, to support its stakeholders as they address major sustainable development challenges. Valeo is more committed than ever to the development of autonomous, connected mobility that is safer, more energy efficient and more environmentally friendly.

**RECOGNIZED AND REWARDED FOR ITS TRANSPARENCY**

In 2017, Valeo was also awarded the top prize covering all categories at the Grand Prix for Transparency for its financial and non-financial information by the major Paris-based financial market associations, thereby ranking first among the 120 largest listed companies on the Paris stock market (SBF 120). The prize recognizes the importance placed by Valeo on the rigor, relevance, transparency and ease of access to financial and non-financial information aimed at investors, shareholders and analysts.

Recognized for its expertise on the subject, Valeo was invited to join bodies formed to assess the registration documents of other industry sectors.

These rankings are increasingly referred to by stakeholders, which encourages the Group to continue its commitment to sustainable development.

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**SUSTAINABILITY PERFORMANCE RECOGNIZED BY NON-FINANCIAL RATING AGENCIES**

Valeo currently features in several non-financial indices, in particular:
- DJSI (Dow Jones Sustainability Index) Europe
- DJSI World
- Ethibel Sustainability Index (ESI) Excellence Europe
- Euronext Vigeo Eurozone 120
- FTSE4Good Global Index
- Low Carbon 100 Europe
- MSCI ACWI Sustainable Impact Index
- STOXX® Global ESG Leaders

**Corporate Knights Global 100**

Valeo was named third in the Global 100 Most Sustainable Corporations index, published during the Davos Summit in January 2018, making it by far the highest-ranked automotive industry company on the list.

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(1) Based on analysis published by financial sector agencies/stakeholders of company (issuer) performance, taking into account environmental, social and corporate governance considerations.
Efforts to reduce Valeo’s environmental impact are being intensified across the Group and at each plant in line with the 2016-2020 plan.

A CONSTANTLY SHRINKING ENVIRONMENTAL FOOTPRINT
The Group continued to improve its environmental footprint in 2017. Water consumption as a proportion of sales was down 12% compared with 2015, and 52% compared with 2008, the year in which Group’s Sustainable Development Charter was introduced. Valeo also made progress in terms of energy consumption, which was down 6% compared with 2015 and 33% compared with 2008.

Each year, all of Valeo’s plants worldwide take innovative measures to reduce their environmental footprint. The Chennai site (Powertrain Systems Business Group, India) is one such example — in return for its stake in a wind farm company, the site receives green energy at a reduced price, resulting in lower indirect CO₂ emissions and savings of 15,000 euros per month.

In addition, three new sites – Limoges (Powertrain Systems Business Group, France), Pianezza (Visibility Systems Business Group, Italy) and Sens (Visibility Systems Business Group, France) — became ISO 50001-certified in 2017, increasing the share of ISO 50001-certified Valeo sites to 13% at the end of 2017.

Progress in eco-design is directly linked to changes in the Group’s businesses and especially the growing proportion of electronics and software in its products and systems.

SIGNIFICANT PROGRESS IN ECO-DESIGN
Valeo’s eco-design approach has deep roots in its Research and Development processes, supporting the environment through innovation.

It aims to do this by gradually replacing metal with lighter materials such as plastics and resins, improving the carbon footprint of the supply chain and making its products more recyclable.

As a result of this approach, and in the context of the Group’s strong growth, consumption of alternative materials grew by 2% in 2017, while consumption of metals increased by just 1%. Valeo has also worked on optimizing its industrial welding process, halving its consumption of heavy metals since 2012. In 2017, Valeo stopped using chlorinated solvents, and the recyclability of certain products, such as the latest generation i-STARS starter-alternator, reached 98.2%.

CONSTANTLY CHALLENGING OUR APPROACH
Valeo has set ambitious targets as part of its 2016-2020 plan. In order to reach these targets, it constantly rethinks its production methods and procedures. For example, although it reduced the total amount of waste produced by 2.4% compared with 2016, in 2017 Valeo decided to implement new measures to reach its 5% reduction target by 2020.

Valeo has therefore intensified efforts to generate synergies between the Purchasing, Industrial and R&D Departments, with the aim of further reducing the consumption of raw materials, monitoring the sites that produce the most waste on a monthly basis and improving development time in the launch phase for new projects.

2016-2020 plan
The Group has set itself clear objectives under the 2016-2020 plan: reducing water consumption by 6%, energy consumption by 8%, waste production by 5% and direct and indirect greenhouse gas emissions by 8%. Valeo also aims to have 20% of its sites ISO 50001-certified (energy management) by 2020.
Sustainable development is heavily dependent on the ability to transparently manage the production chain, which is something Valeo takes very seriously.

**ENSURING BEST PRACTICES AMONG SUPPLIERS AND SUBCONTRACTORS**
Valeo purchases considerable volumes from numerous suppliers worldwide and must ensure that they comply with best practices, in line with the Group’s principles. Over the last five years, Valeo has established a supplier assessment system in the form of a questionnaire sent out to a representative sample of suppliers. The system has been rounded out since 2015 with an audit program specifically focused on suppliers’ sustainable development practices, particularly in the Group’s high-growth regions, such as Asia. With such an approach, Valeo hopes to transmit its CSR experience to its suppliers by communicating quality and responsibility requirements, which are important aspects in risk management, and to set an example to encourage its suppliers to apply the same principles throughout the supply chain.

**PAYING SPECIAL ATTENTION TO THE ELECTRONIC COMPONENTS INDUSTRY**
Due to developments in its Business Groups, Valeo purchases an increasing number of electronic components. The Group has therefore decided to pay close attention to the industry’s sustainable development practices. In 2016 and 2017, the Group audited a sample of suppliers, accounting for nearly 30% of its purchases of electronic components and systems. For 70% of the survey respondents, commitment to sustainable development and CSR also involves communicating their own sustainable development and CSR standards and requirements to their pool of suppliers.

1,069 suppliers account for 95% of the Group’s direct purchases (manufacturing purchases).
ETHICS AND INTEGRITY:
DEEP-ROOTED VALUES
SHARED BY ALL

ETHICS AND COMPLIANCE HAVE BEEN CENTRAL
TO VALEO’S BUSINESS FOR MANY YEARS

Its Code of Ethics sets out all the values and rules of integrity that underpin the way in which Valeo does business, and takes a firm stance on promoting human rights and combating anti-competitive practices and corruption within the Group. The Code of Ethics applies to all Valeo employees and forms a basis for the Valeo Business Partner Code of Conduct. Doing business in an ethical manner has a positive impact on each of the Group’s employees, encouraging a collaborative approach to building a sustainable future. Valeo has also developed a product integrity program, with the aim of reminding all those involved that the design, production, quality control and testing of Valeo products must comply strictly with the law, applicable regulations and Valeo’s ethics.

Based on a comprehensive system of awareness raising, prevention and detection of potential violations of anti-corruption, anti-competitive practices and unethical behavior. Each year, Valeo rolls out an extensive mandatory training program for its managers and professionals. At the end of 2017, 99.59% of those concerned had taken the training program. Since 2014, Valeo has provided a toll-free whistleblower hotline in each of the Group’s languages, which all employees can call (anonymously if they so wish). The hotline is managed by a specialized independent company in accordance with regulations.

### Ethical and Compliance Framework

<table>
<thead>
<tr>
<th>WHISTLEBLOWER HOTLINE</th>
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<tbody>
<tr>
<td>E-learning module for employees</td>
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<tr>
<td>Best practices guide for employees</td>
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<tr>
<td>Compliance system</td>
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<tr>
<td>Policies and tools to combat fraud</td>
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<tr>
<th>INTERNAL CONTROL</th>
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<tbody>
<tr>
<td>E-learning module for third parties</td>
</tr>
<tr>
<td>Best practices guide for third parties</td>
</tr>
<tr>
<td>Third party E&amp;C risk monitoring tool</td>
</tr>
<tr>
<td>Policies and tools relating to economic sanctions and export controls</td>
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<tr>
<th>BUSINESS PARTNER CODE OF CONDUCT</th>
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<tbody>
<tr>
<td>Policies and tools to fight anti-competitive practices</td>
</tr>
</tbody>
</table>

| CODE OF ETHICS |

**Ethics and Compliance (E&C)**

Valeo has developed a robust, comprehensive framework for its employees and partners.
CONSTANTLY ATTRACTING NEW TALENT

In 2017, Valeo’s headcount rose by a sharp 21.6% worldwide. This pace is set to continue, with Valeo aiming to increase its global workforce by 6,000 employees each year over the next five years to support growth in its businesses. This means that the Group needs to attract a large number of talented employees around the world capable of driving its ambitions in a jobs market that is both competitive and volatile, particularly when it comes to the most sought-after skills.

In 2017, Valeo continued to strengthen its recruitment system by reorganizing its Human Resources teams, with recruitment specialists for each country. Today, 70% of countries have teams fully dedicated to hiring and to promoting the employer brand. Furthermore, Valeo continued work to develop a comprehensive IT solution to manage the hiring process. It was rolled out in all Group entities in the second quarter of 2017.

BROADENING SKILLS

Skills development is vital for motivating employees, fostering commitment and retaining talent. The percentage of employees that attended at least one training session during the year increased, climbing from 92.2% in 2014 to 98.1% in 2017. The digital transformation of training courses continued in 2017, with the aim of making them more efficient, flexible and quicker to roll out.

PROMOTING AND SHARING OUR CORPORATE CULTURE

One of the key challenges for 2017 and future years will be to integrate the thousands of new employees that joined the Group following external growth operations carried out during the year. This involves training new employees quickly and efficiently to ensure that they grasp, apply and share all Valeo standards, processes and procedures. In 2017, 28,681 employees took the training course on the 5 Axes, the foundation of Valeo’s corporate culture.
In addition, Valeo set up tutoring and mentoring programs that involve sharing and transferring skills and experience between the different generations working in its teams.

OFFERING A SAFE WORKING ENVIRONMENT
Another priority for Valeo is to offer its employees the safest, most secure working environment possible. A number of initiatives are taken in this area and contribute to the Group’s overall occupational health and safety policy, which has seen the number of accidents with or without lost time per million hours worked fall steadily within the Group, from 13 in 2014 to 10.6 in 2017.

The volume of training hours devoted to safety through the Safety First program is constantly increasing, up 6.9% year on year to 340,199 in 2017.

Since the program was launched, 57,520 employees, from operators to managers, have been trained.

STRENGTHENING EMPLOYEES’ COMMITMENT TO SUSTAINABLE DEVELOPMENT
To strengthen its teams’ commitment to CSR and sustainable development, throughout 2017 the Group continued to offer a global training program on these themes for all site management teams and employee representatives.

PROMOTING DIVERSITY
Valeo firmly believes that diversity is not only a major challenge for society but also a means of improving its performance. The Group has therefore taken many initiatives, structured around four priorities: gender diversity, disability diversity, cultural and social diversity and intergenerational diversity.
COMMUNITY INITIATIVES IN CLOSE COLLABORATION WITH REGIONS

Valeo’s sites contribute to the economic and social fabric of the regions where they operate. The Group encourages its sites to take responsibility and carry out initiatives aimed at forging ties with local communities by supporting social and community projects.

SOUTH AMERICA

São Bernardo do Campo, Brazil
The São Bernardo do Campo site collected warm clothes and blankets for around 60 residents of Lar Vicente de Paulo, a home for elderly people in need. Moreover, at Christmas time, the Valeo Service Brazil team, which has supported the Aldeias Infantis SOS Brasil NGO since 2015, handed out presents to children, including toys, clothing and footwear. To show their thanks, the children gave the team a decorative panel which is now displayed in the cafeteria.

NORTH AMERICA

Hudson, United States
Hudson site employees took part in Women Build, an event organized each year to raise funds for Habitat for Humanity, a non-profit organization, to buy materials to build affordable housing.

San Luis Potosí, Mexico
To mark Universal Children’s Day, a project was organized by the San Luis Potosí site, giving a number of employees the chance to volunteer to sponsor a child cared for by the Creando Sonrisas charity.

ASIA

Shenzhen, China
The 30th “Valeo Library” was opened at the Pinglang elementary school in Guizhou province.

To mark the occasion, employees of the Valeo Shenzhen site donated more than 800 books to the schoolchildren. Launched in 2015, the “Valeo Library” program has provided more than 5,000 children in China with access to over 20,000 books.

Chennai, India
One of GEEDS India’s community initiatives involved supporting a center for young people suffering from mental illness. The project provided the equivalent of three to four months’ worth of groceries, funded new clothing for patients and involved cleaning and repainting the kitchen and cafeteria.

EUROPE

Bursa, Turkey
As part of an initiative launched by the French association Elles bougent, the Bursa site’s “Girls on the move” project aims to promote gender diversity in the automotive industry and encourage female students to study engineering.

To further this initiative, the site created a four-week tutoring program that enabled nine female high school students to receive coaching by women engineers and technicians based at the site.

Togliatti, Russia
In 2017, Valeo’s Togliatti site supported Open Alternative, an association that helps homeless people and disadvantaged families.
CSR INDICATORS
Key Group Research and Development indicators

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Change (2017-2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESEARCH AND DEVELOPMENT EXPENDITURE, NET</strong> (as a % of sales)</td>
<td>5.5%</td>
<td>5.8%</td>
<td>6.1%</td>
<td>+0.3 pts</td>
</tr>
<tr>
<td><strong>RESEARCH AND DEVELOPMENT EXPENDITURE, GROSS</strong> (as a % of original equipment sales)</td>
<td>10.4%</td>
<td>11.1%</td>
<td>11.8%</td>
<td>+0.7 pts</td>
</tr>
<tr>
<td><strong>RESEARCH AND DEVELOPMENT HEADCOUNT</strong></td>
<td>11,620</td>
<td>13,700</td>
<td>17,900</td>
<td>+31%</td>
</tr>
<tr>
<td><strong>NUMBER OF CUSTOMER PROJECTS MANAGED</strong></td>
<td>2,500</td>
<td>2,700</td>
<td>2,800</td>
<td>+3.7%</td>
</tr>
<tr>
<td><strong>NUMBER OF COLLABORATIVE PROJECTS</strong></td>
<td>&gt;50</td>
<td>&gt;50</td>
<td>&gt;50</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>NUMBER OF PATENTS FILED</strong></td>
<td>1,406</td>
<td>1,840</td>
<td>2,053</td>
<td>+11.6%</td>
</tr>
<tr>
<td><strong>PROPORTION OF INNOVATIVE PRODUCTS</strong> (1) IN ORDER INTAKE</td>
<td>37%</td>
<td>50%</td>
<td>50%</td>
<td>+0 pts</td>
</tr>
</tbody>
</table>

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

Environmental indicators

**TOTAL DIRECT AND INDIRECT ENERGY CONSUMPTION IN 2017**

- **143,205** MWh/$m, **137,207** MWh/$m, **134,250** MWh/$m
- **88** cu.m/$m, **73** cu.m/$m, **66** cu.m/$m

**WATER CONSUMPTION**

- **198,2784** cu.m/$m, **184,2783** cu.m/$m, **175,2926** cu.m/$m

**PERCENTAGE OF PLANTS CERTIFIED ISO 14001 AND OHSAS 18001**

- **98%**, **94%**, **95%**
- **94%**, **91%**, **95%**
- **95%**, **95%**
**Activity and Sustainable Development Report — Valeo — 2017**

**Packaging Materials Consumption**

Total consumption of packaging materials as a proportion of sales has been steady for three years.

![Bar chart showing packaging materials consumption](chart)

**Production of Hazardous and Non-Hazardous Waste**

![Bar chart showing hazardous and non-hazardous waste](chart)

**Labor-related Indicators**

**Breakdown of Registered Headcount by Geographic Area**

![Bar chart showing geographic breakdown](chart)

**Frequency Rate (FR1(1) and FR2(2)) of Occupational Accidents**

![Bar chart showing frequency rates](chart)

**Average Hours of Training Per Employee(3)**

![Bar chart showing training hours](chart)

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(1) Calculation of FR1: number of lost-time accidents x 1,000,000/number of hours worked during the year.

(2) Calculation of FR2: number of occupational accidents, with or without lost time x 1,000,000/number of hours worked during the year.

(3) 23.6 hours of training excluding FTE automotive employees.
PERCENTAGE OF WOMEN AMONG NEW HIRES

Women made up 32% of new hires.

BREAKDOWN OF JUNIOR EMPLOYEES (UNDER 30) AMONG TOTAL HIRES (1)

(1) Including only permanent and fixed-term contracts.

Corporate citizenship indicators

NUMBER OF SITES RUN BY LOCAL DIRECTORS
**SHARE OF SITES PARTNERING WITH LOCAL ELEMENTARY/SECONDARY SCHOOLS IN 2017**

- Western Europe: 62%
- Central and Eastern Europe: 63%
- Africa: 25%
- North America: 59%
- South America: 14%
- Asia: 29%
- **TOTAL**: 48%

**BREAKDOWN OF DIRECT PURCHASES BY GEOGRAPHIC AREA OF ORIGIN**

- Europe & Africa: 49%
- North America: 14%
- South America: 1%
- Asia: 36%

**BREAKDOWN OF DIRECT PURCHASES BY GEOGRAPHIC AREA OF CONSUMPTION**

- Europe & Africa: 54%
- North America: 19%
- South America: 2%
- Asia: 25%
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