PRESENTATION OF THE PROPOSED RESOLUTIONS

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. The purpose of this report 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, appear in the report on the financial year ended December 31, 2018 which you are invited to read.

Madam, Sir, dear Shareholders,

We have convened this combined (ordinary and extraordinary) General Shareholders' Meeting of Valeo S.A. (the "**Company**" or "**Valeo**") to submit for your approval **22** resolutions described in this report.

I. Resolutions falling 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 Company financial statements (*first resolution*) and the consolidated financial statements (*second resolution*) of the Company for the financial year ended December 31, 2018, 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 Company financial statements for the financial year ended December 31, 2018 show a profit of €257,507,808.12. The distributable profit of the Company (profit of the financial year ended December 31, 2018 and previous retained earnings of €1,489,042,320.79) for the financial year ended December 31, 2018 amounts to €1,746,550,128.91.

The Board of Directors of the Company proposes to pay a dividend of €1.25 per share for each share entitled to dividends, the same as the dividend paid for the financial year ended December 31, 2017, and corresponding to a distribution rate of 54%.

Following the decision to pay a dividend of €1.25 per share for each share entitled to dividends, i.e. €296,609,358.75, the balance of the distributable profit recorded in the "retained earnings" account amounts to €1,449,940,770.16. The ex-dividend date will be May 30, 2019, the record date will be May 31, 2019 and the payment date will be June 3, 2019.

B. Approval of the related party agreements (*fourth and fifth resolutions*)

Certain agreements entered into by the Company in connection with its activities are subject to a specific procedure: this includes, 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, are then subject to a special report of the Statutory Auditors, following which they must be approved by the Ordinary General Shareholders' Meeting.

- ***Agreements and undertakings previously approved by the Annual General Meeting and which remain in force during the financial year ended December 31, 2018 (fourth resolution)***

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, 2018. 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, 2018 that has not already been approved by the General Shareholders' Meeting.

The agreements and commitments concerned are:

- 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;
- the non-competition agreement;
- the defined benefit pension commitment.

Lastly, further to the appointment by the Board of Directors of Jacques Aschenbroich as Chairman of the Board of Directors on February 18, 2016, as a result of which he became both Chairman and Chief Executive Officer, Jacques Aschenbroich, directly upon his appointment, informed the Board of Directors of his wish to waive his termination benefits. His decision to waive this right was acknowledged by the Board of Directors on February 18, 2016.

- ***Agreements and undertakings authorised by the Board of Directors after December 31, 2018 (fifth resolution)***

The special report of the Company's Statutory Auditors on the agreements and commitments referred to in Article L. 225-42-1 of the French Commercial Code reflects two new authorisations by your Board of Directors on commitments already made to Jacques Aschenbroich, namely (i) the renewal of the defined benefit pension commitment and (ii) the amendment of the non-competition agreement.

Defined benefit pension commitment

Article L. 225-42-1 of the French Commercial Code provides that the defined benefit pension commitment, benefiting the executive director, must be submitted to the general meeting at each renewal of his term of office.

Jacques Aschenbroich's term of office expires at the end of this General Meeting. The Board of Directors decided, at its meeting held on March 21, 2019, to authorise the renewal of the defined benefit pension commitment and to submit this renewal to the General Meeting. This renewal is subject to the condition precedent of the renewal of the term of office of executive corporate officer at the first meeting of the Board of Directors following the General Meeting.

This commitment in favour of Jacques Aschenbroich is applicable to the Group's Senior Executives. This scheme, which became effective on January 1, 2010, was closed to new beneficiaries as from July 1, 2017. Its main characteristics are as follows:

- cap due to the nature of the plan: additional pension of 1% of the reference salary per year of seniority, with a maximum limit of 20%;
- cap on the basis determining entitlements: the supplement, under all plans combined, may not exceed 55% of the reference salary;
- the reference salary is the end-of-career salary, which is equal to the average last 36 months of fixed base compensation, increased by the variable part of the compensation for the periods subsequent to February 1, 2014, these components being received in respect of full time activity within the Group;
- since February 18, 2016, the acquisition of supplementary pension rights is subject to a performance condition, which would be satisfied if the variable compensation of the executive corporate officer to be paid in financial year N+1 with respect to financial year N were to reach 100% of the fixed compensation owed for financial year N. Failing this, the calculation of the rights allocated would be made on a pro rata basis.

Non-competition agreement

It is recalled that Jacques Aschenbroich has been benefiting from a non-competition compensation since February 24, 2010. Under the terms of the non-competition agreement, Jacques

Aschenbroich would be prohibited, for a period of 12 months following the termination of his duties as Chief Executive Officer of Valeo, for any reason whatsoever, from collaborating in any way with an automotive equipment manufacturer, and more generally with a competitor of Valeo. If this agreement were to be enforced, it would give rise to the payment of a non-competition indemnity equal to 12 months of annual compensation (calculated by taking the average of the remuneration (fixed and variable) received for the three financial years preceding the one during which the departure occurs).

This non-competition payment was in compliance with the old version of the AFEP-MEDEF Code dated November 2016 but not with the new version dated June 2018, which provides that the payment of the non-competition indemnity is excluded when the executive corporate officer claims his pension rights and in any event, is beyond the age of 65 years old.

In view of the new recommendations of the AFEP-MEDEF Code relating to non-competition agreements, Jacques Aschenbroich has announced his decision to waive his right to non-competition compensation. In order to comply with the AFEP-MEDEF Code, the Board of Directors acknowledged at its meeting of February 21, 2019 and decided during the meeting held on March 21, 2019 to amend the non-competition agreement accordingly.

C. Renewal/appointment of members of the Board *(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 since June 30, 2017.

The term of office of the Board's members, set out in the Company's Articles of Association, is four years.

The terms of office of three directors – Jacques Aschenbroich, Pascal Colombani and Michel de Fabiani – will expire at the end of this General Shareholders' Meeting.

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

- ***Renewal of Jacques Aschenbroich's term of office (sixth resolution)***

The term of office of Jacques Aschenbroich as director will expire at the end of this General Shareholders' Meeting.

Further to the recommendation of the Governance, Appointment and Corporate Social Responsibility Committee (the "**CGNRSE**"), the Board of Directors suggests that the General Shareholders' Meeting renew the term of office of Jacques Aschenbroich (*sixth resolution*) as director 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, 2022.

At its meeting of February 21, 2019, the Board of Directors, on the recommendation of the CGNRSE, decided, following the renewal of Jacques Aschenbroich's term of office as a director by the General Meeting, to renew Jacques Aschenbroich as Chairman and Chief Executive Officer at the meeting to be held immediately following the General Meeting. It is specified that, during the first two years of Jacques Aschenbroich's term of office as Chairman and Chief Executive Officer, a separation of functions of Chairman of the Board of Directors and Chief Executive Officer will be implemented.

The renewal of Jacques Aschenbroich as a director will enable the Board of Directors to continue benefiting from his expertise as described below in his biography.

Biography of Jacques Aschenbroich

Jacques Aschenbroich is Chief Executive Officer and director of Valeo since March 20, 2009 and is also Chairman and Chief Executive Officer since February 18, 2016. Jacques Aschenbroich has diverse experience, acquired in management positions of major industrial groups, both in France and abroad, as well as in the senior civil service.

He is Chairman of the Board of Directors of École nationale supérieure des Mines ParisTech and a director of Veolia and BNP Paribas. He has 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 from September 1, 2007. He was also a director of Esso SAF until June 2009.

Jacques Aschenbroich is an Engineer from the Corps des Mines.

He is a French citizen and speaks French, English, German and Portuguese.

As at the date of this report, he holds 832,833 Company's shares.

- ***Appointment of Olivier Piou and of Patrick Sayer as directors of the Company (seventh and eighth resolutions)***

Pascal Colombani and Michel de Fabiani's terms of office will expire at the end of this General Shareholders' Meeting. They informed the Board of Directors of their decision not to seek the renewal of their terms of office as director.

As part of the Board renewal plan, the Board of Directors and the CGNRSE have reviewed applications to the Board of Directors. It has been suggested, based on that review, to support the applications of Olivier Piou and Patrick Sayer and invite the General Shareholders' Meeting to appoint them as directors 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, 2022.

Olivier Piou and Patrick Sayer would be considered as independent directors 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.

These appointments will enable the Board of Directors to benefit from the expertise of both Olivier Piou and Patrick Sayer, as described below in their biographies.

Biography of Olivier Piou

Currently Vice Chairman of the Board of Directors of Nokia, Olivier Piou has extensive management experience and recognised expertise in the field of digital security having held management positions for several years at Schlumberger, Axalto and Gemalto as Chief Executive Officer from 2006 to 2016.

Olivier Piou began his professional career in 1981 at Schlumberger as a production engineer. He then successively held technical, marketing and operational management positions in both France and the United States. In 2004, he listed Axalto, the smart card division of Schlumberger Limited, of which he was the General Manager. He has, since then, completed the merger with Gemplus, which resulted in the creation of Gemalto. He has been distinguished in 2015 by the prestigious Harvard Business Review, as one of the world's top CEOs.

Olivier Piou was President of Eurosmart, an association representing the smart card industry, from 2003 to 2006. He was a member of the Board of Directors of Axalto from 2004 to 2006, of Gemalto from 2006 to 2019, of INRIA (*Institut national de recherche en informatique et automatique*) from 2003 to 2010 and of Alcatel-Lucent from 2008 to 2016.

Olivier Piou graduated in Engineering from the Ecole Centrale de Lyon and has been appointed *Chevalier de la Légion d'honneur*.

A French national, Olivier Piou (age 60) speaks French and English.

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

Biography of Patrick Sayer

Currently Patrick Sayer is the Chairman of Augusta, a family investment company that concentrates its activities on investments in three sectors: New technologies, Luxury and Real Estate.

Patrick Sayer has been Chairman of the Executive Board of Eurazeo, one of the leading European listed investment companies, from 2002 to 2018. He became a member of the Supervisory Board of this company in 2018. After the acquisitions of stakes in Rhône Capital and Idinvest, Eurazeo's direct and indirect assets under management amounted to nearly €20 billion.

Patrick Sayer was previously Managing Partner of Lazard Frères & Cie in Paris which he joined in 1982, and then Managing Director of Lazard Frères & Co in New York, where he was Global Head of Media and Technology. His experience in capital investment dates back to the creation of Partner Funds, which he supported from 1989 to 1993.

He is a director of Europcar, Ipulse and Tech Data (United States). Former President (2006-2007) of the Association française des investisseurs pour la croissance (AFIC), he is a director of the Musée des Arts Décoratifs de Paris, he is a founding member of the Club des Juristes and he is a consular judge at the Paris Commercial Court. He teaches finance (Master 225) at the Université de Paris Dauphine.

Patrick Sayer is a graduate of Ecole polytechnique (1980) and Ecole des mines de Paris (1982). He is also a graduate of the Centre de formation des analystes financiers, where he was one of its lecturers.

A French national, Patrick Sayer (age 61) speaks French and English.

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

D. Approval of the compensation components paid or awarded to the Chairman and Chief Executive Officer for the financial year ended December 31, 2018 – *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 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, 2018 pursuant to the 2018 compensation policy approved by the General Shareholders' Meeting on May 23, 2018 under its tenth resolution (the "**2018 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, 2018 and prior years", part "Compensation in respect of the year ended December 31, 2018" of the Company's 2018 Registration Document, pages 161 to 164. Moreover, a table summarising the components paid or awarded to Jacques Aschenbroich for the financial year ended December 31, 2018 pursuant to the 2018 Compensation Policy, drawn up on the basis of the table template provided by the AFEP, is appended, for information purposes, 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, 2018, pursuant to the 2018 Compensation Policy, for his role as Chairman and Chief Executive Officer covering:

- the amount of his annual fixed compensation: €1,000,000;
- the amount of his annual variable compensation: €530,000 representing 53% of his fixed annual compensation (out of a maximum amount of 170%, of which 115% related to quantifiable criteria that were not met and 55% to qualitative criteria, of which 53% were met);

The failure to meet the quantifiable criteria, with ambitious objectives, is in the context of the complex environment in which the Group operated in 2018, marked in particular by the disruptions in the automotive industry that developed during the year (in particular, WLTP standards in Europe, market slowdown in China, rising raw material prices);

- the number and accounting valuation of the performance shares allocated to him in 2018: 55 026 performance shares valued in accordance with IFRS at €2,599,978.5 representing 260% of his annual fixed compensation for this financial year (which is below the maximum limit of 270%), it being specified that the final allocation of these shares is subject to demanding performance conditions. It should be noted that for the same reasons as those described above for the annual variable compensation, no performance shares having been allocated to Jacques Aschenbroich under the 2016 performance share plan will be delivered to him;
- 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 and life insurance (*prévoyance et assurance-vie*)) granted to him: €24,637;
- the non-competition compensation 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, 2018.

  In view of the new recommendations of the AFEP-MEDEF Code on non-competition agreements, Jacques Aschenbroich has expressed his decision to waive his right to non-competition compensation and the Board of Directors held on February 21, 2019 acknowledged this and decided to amend the non-competition agreement accordingly.

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 for the financial year ended December 31, 2019 (the "**2019 Compensation Policy**"). The 2019 Compensation Policy is presented in the 2018 Registration 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, 2019" of the Company's 2018 Registration Document, pages 157 to 160. It is also attached as Appendix 2 to this 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 by the applicable laws and regulations.

During the financial year ended December 31, 2018, the Company used the authorisations granted by the General Shareholders' Meetings of May 23, 2017 and May 23, 2018, pursuant to the respective eleventh resolutions, 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 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 2018 Registration Document, pages 419 to 422.

Conditions for implementation

As the authorisation granted by the General Shareholders' Meeting of May 23, 2018, will expire during the 2019 financial year, Shareholders are invited to renew the Board of Directors' authorisation 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 applicable laws and regulations;
- 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 of the Company's share pursuant to a liquidity contract in accordance with market practice accepted 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 more 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 not until the end of the offer period.

Share repurchase price

The maximum repurchase price is set at €80 per share (excluding acquisition costs).

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, merger, demerger or contribution, at any time, as adjusted to reflect transactions affecting the share capital subsequently to this General Shareholders' Meeting.

The maximum repurchase price would be €1,922,024,800 (excluding acquisition costs).

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, 2018 under its eleventh resolution.

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

II. Resolutions within the powers of the Extraordinary General Shareholders' Meeting

It is recalled that the General Shareholders' Meeting of May 23, 2017 decided to grant authorisations and financial delegations to the Board of Directors. As these authorisations and financial delegations expire during the 2019 financial year, it is proposed that you renew them at your General Shareholders' Meeting. These authorisations and financial delegations, as described below (and summarised in the table attached in Appendix 3), are similar to those you approved at the General Shareholders' Meeting of May 23, 2017 (notably in terms of ceilings). You are also asked to grant a new authorisation to grant free shares under the conditions described in this report.

The main purpose of the authorisations and financial delegations is to provide the Company with enhanced flexibility, ability and speed of market-responsiveness in order, if required, to resort to such markets by issuing securities and to quickly and flexibly raise funds that are necessary to finance the development of your Company.

These resolutions may be divided into two main categories: those that may result in an issue with maintenance of the shareholders' preferential subscription right ("**PSR**") and those that may result in an issue with cancellation of the PSR. Any issue with the PSR allows each shareholder to subscribe for a number of securities in proportion to his or her shareholding, during a minimum time period set out by law as from the opening of the subscription period (for information purposes, as at the date of this report, five trading days). It is specified that the PSR is detachable and tradable under the terms set out in the applicable laws and regulations (for information purposes, as at the date of this report, from second business day before the opening of the subscription period and until the second business day before the end of the subscription period).

For certain resolutions, you are asked to grant the Board of Directors the option of cancelling this PSR. Indeed, depending on market conditions, the type of investors targeted by the issue and the type of securities issued, it may be preferable or even necessary to cancel the PSR in order to make a placement of securities on the best possible terms, in particular, when speed is an essential condition for its success or when such issues are carried out on foreign financial markets. Such cancellation may lead to more funds being raised, due to better issue terms.

These authorisations and delegations would of course be subject to limits. First, each of these authorisations and delegations would be granted only for a limited period. In addition, the Board of Directors would only be able to issue securities (capital and debt) up to strictly defined ceilings above which the Board of Directors would not be able to issue securities without convening a new General Shareholders' Meeting. These ceilings are presented hereafter and summarised in the table attached in Appendix 3.

If the Board of Directors carries out a transaction pursuant to a delegation of authority granted by the General Shareholders' Meeting, it will, if applicable and in compliance with the applicable laws and regulations, issue an additional report on the implementation of the authorisations and delegations. This report, as well as the Statutory Auditors' report, if applicable, would be made available to the holders of equity securities or securities giving access to the share capital and then be brought to their attention at the next General Shareholders' Meeting.

Please also note that, without prior consent from the General Shareholders' Meeting, the Board of Directors may not use any of the authorisations and delegations granted for the issue of securities following the submission by a third party of a proposed public tender offer for the securities of the Company and not until the end of the offer period (with the exception of the nineteenth resolution relating to employee share ownership and the allocation of free shares).

A. <u>Issue of shares and/or securities giving immediately or in the future access to the share capital of the Company or a Subsidiary, with maintenance of the PSR *(twelfth resolution)*</u>

Possible reasons for use of the resolution

As stated in the introduction, this resolution enables the Company to raise, if necessary with speed and flexibility, funds on the markets by investment from all of its shareholders so as to finance its development as well as the development of its Group.

Conditions for implementation

This resolution would enable the Board of Directors to issue shares and securities giving access, immediately or in the future, to the share capital of the Company or a Subsidiary (including equity securities granting entitlement to the allocation of debt securities).

Subscriptions would be implemented with a PSR on a non-reducible basis. The Board of Directors may also decide to create for the shareholders a subscription right on a reducible basis. In this case, if the non-reducible subscriptions collected would not be sufficient to cover all of the new securities, the remaining securities would be allocated between the shareholders who subscribed on a reducible basis in proportion to their subscription rights and in any event not more than they requested.

Should these subscriptions not cover all of the securities issued, the Board of Directors could decide: (i) to distribute all or part of the unsubscribed securities and/or (ii) to offer to the public all or part of the unsubscribed securities and/or (iii) to limit the issue to the amount of subscriptions received provided that said amount is equivalent to at least three quarters of the amount of the planned issue.

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

Price

The price which would be set by the Board of Directors must be at least equal to the nominal value.

Ceiling

The maximum nominal amount of the share capital increases would be set at 70 million euros, *i.e.* 29.14% of the share capital as of December 31, 2018, it being specified that it would count toward the Global Ceiling (Equity) amounting to (131 million euros).

The maximum nominal amount of potentially issued debt securities would be set at 1.5 billion euros, it being specified that it would count toward the Global Ceiling (Debt) amounting to (1.5 billion euros).

Period of validity

This delegation would be valid for a period of 26 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 delegation granted by the General Shareholders' Meeting of May 23, 2017 under its twelfth resolution.

B. <u>Issue of shares and/or securities giving access, immediately or in the future, to the share capital of the Company or a Subsidiary by way of a public offer and/or by private placement, with cancellation of the PSR *(thirteenth and fourteenth resolutions)*</u>

<u>Possible reasons for use of the resolutions</u>

As stated in the introduction, the issues carried out with cancellation of the PSR, either by the means of an offer to the public (*thirteenth resolution*) or a private placement (*fourteenth resolution*), may be used to place securities in the most efficient manner, in particular when speed is an essential condition for their success or when the issues are carried out on foreign financial markets. Such cancellation may enable the Company to raise more funds due to better issue terms.

In addition, the thirteenth resolution enables the Company, if it were to decide to propose a public exchange offer, in France or abroad, to a target company whose shares are admitted to trading on one of the regulated markets referred to in Article L. 225-148 of the French Commercial Code, to deliver securities of the Company in exchange for the securities of the target company.

<u>Conditions for implementation</u>

These resolutions would enable the Board of Directors to issue shares and securities giving access, immediately or in the future, to the share capital of the Company or a Subsidiary (including equity securities granting entitlement to the allocation of debt securities).

In addition, the issues referred to above may be used following the issue, by a Subsidiary, of securities giving access to the Company's share capital.

These issues would be carried out with cancellation of the PSR (i) by the means of an offer to the public (*thirteenth resolution*) which may, pursuant to the Board of Directors' decision, include a priority subscription period for the shareholders (non-negotiable) or (ii) by private placement (*fourteenth resolution*). In addition, the thirteenth resolution would also make it possible to remunerate the shares that would be contributed to a public exchange offer initiated by the Company.

If, within the context of an offer to the public (*thirteenth resolution*), a priority right has been provided for, the subscriptions made may be supplemented by a subscription on a reducible basis, it being specified that the securities not subscribed for will be the subject of a public offering in France and/or abroad. If subscriptions do not absorb the entire issue, the Board of Directors may decide to freely distribute all or part of the unsubscribed securities and/or to limit the issue to the amount of subscriptions received, provided that said amount of subscriptions is equivalent to at least three quarters of the amount of the decided issue. This last option (limitation to three quarters of the issue) also applies to the fourteenth resolution.

The Board of Directors would be granted the full powers required to implement these delegations of authority (with powers to sub-delegate under the conditions set out by applicable laws and regulations).

<u>Price</u>

The issue price of these shares issued directly will be at least equal to the minimum amount set by the applicable laws and regulations on the issue date after any adjustment to take into account the difference of date upon which the shares will bear dividend rights (for information purposes, as at the date of this General Shareholders' Meeting, a price at least equal to the weighted average share price of the last three trading sessions on the regulated market of Euronext Paris preceding the determination of the subscription price of the share capital increase, minus up to 5%).

Regarding securities giving access to the share capital, the total amount that would be received by the Company as consideration for such securities would be at least equal to the minimum price per share provided for by the applicable laws and regulations as described above.

It is specified that the rules relating to the determination of the price described above would not be applicable to securities issued as consideration for securities contributed to a public exchange offer proposed by the Company.

Ceiling

The maximum nominal amount of the share capital increases would be set at 23 million euros, *i.e.* 9.57% of the share capital as of December 31, 2018, it being specified that this limit of 23 million euros would be jointly applicable to these two resolutions and the seventeenth resolution (remuneration for contributions in kind granted to the Company) and that it would also count toward the Global Ceiling (Equity).

Please note that pursuant to applicable laws, the share capital increases carried out by private placement are capped at 20% of the share capital per year. The limit set by the fourteenth resolution is therefore much lower than this legal limit.

The maximum nominal amount of securities that represent debt securities would be set at 1.5 billion euros per resolution, it being specified that it would count toward the Global Ceiling (Debt).

Period of validity

These delegations would be valid for a period of 26 months as from this General Shareholders' Meeting and would cancel the delegations granted by the General Shareholders' Meeting of May 23, 2017 under its thirteenth and fourteenth resolutions.

C. Increase in the number of securities to be issued with maintenance or cancellation of the PSR under an over-allotment option in the event that demand exceeds the number of securities offered (*fifteenth resolution*)

Possible reasons for use of the resolution

This resolution would prevent the reduction of subscriptions in the event of high demand, by allowing the Board of Directors, within certain limits, to increase the number of securities initially issued, by reopening the relevant issue (greenshoe clause).

Conditions for implementation

This delegation of authority would allow the Board of Directors to decide, under the conditions set by applicable laws and regulations and in the event of excess demand for an issue of securities with maintenance or cancellation of the PSR (issues of securities with maintenance of the PSR under the twelfth resolution and issues of securities by means of offers to the public or private placement with cancellation of the PSR under the thirteenth and fourteenth resolutions), to increase the number of securities to be issued.

The resolution would need to be implemented within the time periods set out by applicable laws and regulations, *i.e.* to date, on the day of this General Meeting, within 30 days from the closing of the subscription period.

Price

The issue would be carried out at the same price as that decided for the initial issue, in compliance with applicable laws.

Ceiling

This resolution allows the Company to serve an excess demand up to the limit set out by law, *i.e.* 15% of the initial issue as at the date hereof.

The maximum nominal amount of the share capital increases would count towards the ceiling set in the resolution under which the issue would be decided (issues of securities with maintenance of the PSR under the twelfth resolution, and issues by means of an offer to the public or a private placement with cancellation of the PSR under the thirteenth and fourteenth resolutions) and towards the Global Ceiling (Equity). The same rules would apply to ceilings in relation to any issue of securities representing debt securities.

Period of validity

This delegation would be valid for a period of 26 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 delegation granted by the General Shareholders' Meeting of May 23, 2017 under its fifteenth resolution.

D. Issue by capitalisation of premiums, reserves, profits or other amounts that may be capitalised (*sixteenth resolution)*

Possible reasons for use of the resolution

This resolution would allow the Board of Directors to increase the share capital by successive or simultaneous capitalisations of reserves, profits, premiums and other amounts that may be capitalised, without the contribution of "fresh" money being necessary. The shareholders' rights would not be affected by such a transaction, since it would involve the issue of new securities allocated free of charge or the increase of the nominal value of existing securities.

Conditions for implementation

As stated above, these share capital increases would be followed by the issue of new securities allocated free of charge or the increase of the nominal value of the existing shares or by a combination of the two methods.

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

Ceiling

The maximum nominal amount of the share capital increases that may be carried out under this resolution would be set at 30 million euros, it being specified that this ceiling would count toward the Global Ceiling (Equity).

Period of validity

This delegation would be valid for a period of 26 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 delegation granted by the General Shareholders' Meeting of May 23, 2017 under its sixteenth resolution.

E. Issue of securities to be used as remuneration for contributions in kind granted to the Company (*seventeenth resolution)*

Possible reasons for use of the resolution

This delegation would allow the Board of Directors to carry out external growth transactions in France or abroad or to repurchase minority stakes within the Group without any impact on the Company's cash. However, this delegation cannot be used if the Company decides to issue securities to be used as remuneration for securities contributed to the Company within the context of a public exchange offer (such transaction being included in the thirteenth resolution described above).

Conditions for implementation

This resolution would enable the Board of Directors to issue shares and securities giving access to the share capital of the Company (including equity securities granting entitlement to the allocation of debt securities).

These issues will be carried out for the benefit of contributors, without PSR.

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 delegation of powers.

Ceiling

The maximum nominal amount of the share capital increases would be set at 23 million euros, *i.e.* 9.57% of the share capital as at December 31, 2018, it being specified that this limit would be jointly applicable with the thirteenth and fourteenth resolutions (issues by way of an offer to the public and by private placement, with cancellation of the PSR) and would count towards the Global Ceiling (Equity).

Please note that pursuant to the applicable law, the share capital increases carried out under this resolution are capped at 10% of the share capital. The limit set by this resolution is therefore lower than this legal limit.

The maximum nominal amount of the securities that represent debt securities would be set at 1.5 billion euros, it being specified that it would count toward the Global Ceiling (Debt).

Period of validity

This delegation would be valid for a period of 26 months as from this General Shareholders' Meeting and would cancel, as from the same date, any unused portions of the delegation granted by the General Shareholders' Meeting of May 23, 2017 under its seventh resolution.

F. Incentive schemes for the Company's employees or corporate officers: issue of securities to be subscribed for by members of savings plans, with cancellation of the PSR (*eighteenth resolution)*

Possible reasons for use of the resolution

This resolution enables the Board of Directors to provide the Group's employees, in France and abroad, the opportunity to subscribe for the Company's securities so as to involve them more closely in the Company's expansion and success in its historical markets and in emerging markets that are essential for the Group's future growth.

It would also aim to meet the requirements of applicable laws which provide that the General Shareholders' Meetings shall decide upon a draft resolution on a share capital increase reserved for employee members of a savings plan whenever the agenda of such General Shareholders' Meeting includes the adoption of resolutions pursuant to which a share capital increase through a cash contribution is decided immediately or through delegation, unless the share capital increase results from a prior issue of securities giving access to the Company's share capital.

Lastly, it would also aim to meet the requirements of applicable laws which require that, when an issuer's employees hold less than 3% of its share capital, it must propose to the General Shareholders' Meeting a draft resolution allowing the completion of a share capital increase reserved for employee members of a savings plan, at regular intervals set out by the applicable laws.

Implementation modalities

This resolution would enable the Board of Directors to issue shares and securities giving access to the share capital of the Company (including equity securities granting entitlement to the allocation of debt securities).

These issues would be carried out with cancellation of the PSR.

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

Price

The issue price of the securities would be determined pursuant to the conditions set out by the applicable law and would be at least equal to the Reference Price, to which the maximum amount of the discount provided for by law would be applied. The term "Reference Price" means the weighted average share price of the Company on the regulated market of Euronext Paris from the last twenty trading sessions preceding the date of the decision defining the opening date of the subscription period for the members of Company's or Group's savings plans (or similar plans).

The Board of Directors would also be granted authority to reduce or eliminate this discount, within the limits set out by the applicable laws and regulations, in order to take into account any local legal, accounting, financial or social security-related rules as may be applicable. The Board of Directors could also decide to allocate additional securities in lieu of all or part of the discount on the Reference Price and/or employer's contribution, it being specified that the benefit resulting from any such allocation may not exceed the legal or regulatory limits.

Ceiling

The maximum nominal amount of the share capital increases would be set at 5 million euros, it being specified that this ceiling would count towards the Global Ceiling (Equity).

The maximum nominal amount of the securities that represent debt securities would be set at 1.5 billion euros, it being specified that this ceiling would count towards the Global Ceiling (Debt).

Period of validity

This delegation would be valid for a period of 26 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 delegation granted by the General Shareholders' Meeting of May 23, 2017 under its eighteenth resolution.

G. Inclusion of the Company's employees and corporate officers as Company shareholders: award of existing or future shares free of charge (*nineteenth resolution*)

We propose a new resolution aimed at giving the Company's employees and officers shares in the Company by authorising the Board of Directors to allocate or issue free shares to them.

With this new resolution, free shares may be allocated subject either to performance criteria (the "**Performance Shares**") or otherwise (the "**Free Shares**") in accordance with the terms described below.

This new resolution is intended to replace the previous resolution which had the same purpose, and which was approved as the twelfth resolution at the General Shareholders’ Meeting of May 23, 2018. It should be noted that the previous resolution (valid for 26 months) was not used.

<u>Rationale for voting on a new resolution</u>

As a reminder, the modalities for granting Free Shares and Performance Shares have remained unchanged for a number of years (with the exception of some adjustments to the presence condition in relation to the allocation of Performance Shares to the Chairman and Chief Executive Officer).

With regard to Performance Shares, the performance criteria have to be satisfied over three consecutive financial years. These strict and demanding financial and operational performance criteria, considered as particularly demonstrative of the Company's performance, were (i) the pre-tax rate of return on assets (ROA), (ii) the operating margin rate and (iii) the ROCE rate. These criteria were satisfied if, for each of them, over the reference period of three financial years, the arithmetic average of the ratio between the rate actually achieved and the target rate set by the Board of Directors at the beginning of each relevant financial year, which must be at least equal to the guidance for the financial year in question, was equal to or greater than one (the "**Average Performance Measurement**"). The weight allocated to each of these criteria also remained unchanged.

Upon analysing the Group's free share allocation policy and reviewing the 2018 Compensation Policy for the Chairman and Chief Executive Officer, the Board of Directors, acting on the recommendation of the Compensation Committee, decided to adjust certain performance criteria and their respective weight for allocations to be made from 2019. These adjustments were intended to ensure that the proposed criteria better reflected the Group's strategy, financial and operational performance objectives and value creation for Valeo's shareholders as measured against a new external performance criterion, the Total Shareholder Return (TSR). It was therefore proposed that the final allocation of Performance Shares would depend on performance based on two internal performance criteria already in use – namely the operating margin rate (40%) and the ROA rate (40%) – as well as the new TSR criterion (20%) which would replace the previously used internal performance ROCE criterion which is already taken into account in short-term variable compensation. Performance of the two internal criteria would also continue to be assessed based on the Average Performance Measurement and Valeo's TSR would be measured over three financial years against the CAC 40 index and against a panel of European companies in the automotive sector. The modalities for allocating Free Shares and Performance Shares were described in the Board of Directors' report to the General Shareholders' Meeting on May 23, 2018, at which the Shareholders approved the resolution on Free Shares and Performance Shares (95.26% of votes).

However, the Average Performance Measurement system may be unsuitable in times of high volatility, with perverse effects arising when the results in one of the financial years covered in respect of a performance measurement are far below the targets which have been set. When an average is used, one financial year with substantially poor results can impact all plans that include this financial year. As a result, a single financial year may impact all long-term compensation granted for three successive financial years. This is currently the case for the 2016, 2017, and 2018 plans, all of which are impacted by the considerable difference between target rates and actual performance for the 2018 financial year. Due to the strong disruptions that developed gradually throughout 2018 and especially during the second half of the year (in particular, WLTP standards in Europe, the market downturn in China, rise in raw material prices) in the automotive industry, 2018 target rates – set by the Board of Directors on the basis of the guidance provided for the relevant financial year and determined at the beginning of the financial year – turned out to be much higher than the results achieved in 2018.

In these circumstances, and despite the fact that the performance criteria for the first two financial years of the 2016 plan have been satisfied, it appears coherent that none of the shares granted under the 2016 plan will vest in 2019. However, the fact that as is expected the 2017 and 2018 plans will also be cancelled due to financial year 2018 (and therefore no shares pursuant to these plans will be delivered to the beneficiaries in 2020 nor in 2021) does not seem consistent with the purpose of long-term compensation, namely to act as a retention tool for the beneficiaries, give them a stake in the Group's results and align their interests with those of the Company and its shareholders.

It is to be noted that the impact is more pronounced in a company such as Valeo where fixed compensation paid to senior executives is generally close to the median, as compared to panels used for comparison,[1] and where short or long-term variable compensation based on performance, retention and motivation represents a significant share – beyond two-thirds of total compensation for Operational Committee members.

A compensation system that is no longer suitable makes the compensation structure relatively uncompetitive and may impact the recruitment and retaining of senior executives, which are fundamental to a technology-based company like Valeo where expertise and know-how are key to developing projects.

In this context, the Compensation Committee, assisted by a well-known consulting firm, has been considering changes to the structure for allocating Performance Shares and Free Shares, to better take into account the volatility and the lack of medium and long-term visibility in the business and has submitted proposals to this effect to the Board of Directors. The proposed changes, which have been approved by the Board of Directors at its meeting of March 21, 2019, involve:

- changing how the performance of internal criteria (the ROA rate and operating margin) is measured. The Average Performance Measurement would be replaced with a new method but still assessed over a three year period. This new method is described in more details below;
- making the free shares allocation only partly, rather than entirely, dependant on performance criteria for certain beneficiaries, namely those reporting directly to Liaison Committee members and other Group executives.

The other modalities for allocating Performance Shares and all modalities for allocating Free Shares, which were described in the Board of Directors' report to the General Shareholders' Meeting on May 23, 2018, remain unchanged. As a reminder, the Shareholders approved the resolution on Free Shares and Performance Shares at that general meeting (95.26% of votes).

<u>Implementation and ceilings</u>

The Board of Directors, on the recommendation of the Compensation Committee, has established the guidelines for granting Free Shares or Performance Shares under the nineteenth resolution (provided that the resolution is approved by the General Shareholders' Meeting). The Board of Directors has decided that:

- a maximum of 4,445,000 Free Shares and Performance Shares may be granted (approximately 1.85% of the share capital as at December 31, 2018);
- the beneficiaries will be the Chairman and Chief Executive Officer[2] and all employees;
- allocation of Free Shares or Performance Shares to beneficiaries will only become final after a minimum vesting period of three years after the date of allocation;
- the maximum number of Performance Shares that can be granted to the Chairman and Chief Executive Officer is 250,000, *i.e.* approximately 0.10% of share capital as at December 31, 2018. Please note that the maximum number of conditional Performance Shares that he can be allocated, valued according to IFRS accounting standards, cannot exceed the maximum stated in the applicable compensation policy. For the 2016, 2017 and 2018 financial years, this maximum was 270% of their annual fixed compensation for the relevant financial year, although the Board of Directors reserved the right to award a smaller number of shares to the Chairman and Chief Executive Officer.
- the Performance Shares allocated to the Chairman and Chief Executive Officer and to members of the Operational Committee will depend on demanding performance criteria:
    (i) 80% of the grant (*i.e.* 40% for each criterion) will vest depending on performance as measured for each of the three financial years (Y, Y+1, and Y+2) of the vesting period.

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[1] Automotive industry; CAC 40 index.

[2] In the event of the separation between the roles of Chairman and of Chief Executive Officer, the allocation will also benefit the Chief Executive Officer. Any reference to the Chairman and Chief Executive Officer in this section shall also be considered as a reference to the Chief Executive Officer.

Performance is measured by two criteria already used in previous resolutions: the operating margin rate and the ROA rate. These criteria will be satisfied if, for each financial year covered under the grant, the rate effectively achieved for each criterion is greater than or equal to the target rate established by the Board of Directors, it being understood that (i) the target rate cannot be lower than the guidance for the financial year of reference, (ii) the selected criterion cannot be changed by the Board of Directors at a later date and (iii) the target rates cannot be changed by the Board of Directors at a later date, except by a duly justified decision in the context of exceptional circumstances beyond the beneficiaries' control. Accordingly, under this method:

(a) if, for each financial year covered by the scheme, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those three financial years, 100% of the shares allocated under the criterion will vest;

(b) if, for only two of the financial years covered by the scheme, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those two financial years, 50% of the shares allocated under the criterion will vest;

(c) if, for only one of the financial years covered by the scheme, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for that financial year, 20% of the shares allocated under the criterion will vest;

(d) if the target rate for the corresponding criterion is not satisfied for any of the financial years covered by the scheme, none of the allocated Performance Shares will vest.

(ii) 20% of the grant will vest if Valeo achieves a certain level of TSR as measured against the TSR of the CAC 40 index and the TSR of a panel of European companies in the automotive sector selected by the Board of Directors as this TSR has been disclosed by the Company over a three-year period starting from January 1st of the year of allocation to December 31st 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 (while if TSR is equal or lower, 0% will vest);

(b) if Valeo's TSR recorded over the reference period is greater than the median TSR of companies from a panel of European companies in the automotive sector over the reference period: 10% of allocated Performance Shares will vest (while if TSR is equal or lower, 0% will be vested).

The panel used by the Board of Directors will only be modified if a change in the structure or business of one of the companies makes that company less pertinent. In this case, that company would be replaced by another so that the panel continues to be made up of peers that are as similar to Valeo as possible[3].

- 100% of Performance Shares allocated to Liaison Committee members (other than Operational Committee members) and 50% of Performance Shares allocated to those reporting directly to Liaison Committee members and to other Group executives, will depend on performance as measured for each of the three financial years (Y, Y+1, and Y+2) in the vesting period. Performance will be measured based on two internal performance criteria (50% for each criterion): operating margin rate and ROA rate. The rules for determining whether these two criteria have been satisfied and the scheme for allocating shares is the same as applicable to the Chairman and Chief Executive Officer and Operational Committee members;
- the shares allocated to other staff members (at lower levels of responsibility) will be Free Shares (and will not be subject to performance criteria);

[3] The panel currently consists in Autoliv, BMW, Continental, Daimler, Faurecia, Fiat, GKN, Leoni, Michelin, Plastic Omnium, PSA, Renault, and Rheinmetall.

- Free Shares allocated to participants outside France under a worldwide employee shareholding plan shall be allocated as a type of conditional matching (*abondement conditionnel*). For the avoidance of doubt, these Free Shares are not subject to performance criteria;
- the Chairman and Chief Executive Officer must satisfy a condition of presence. The conditions for receiving any final award of Performance Shares, including if he leaves 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, 2019", "Long-term compensation policy – Allotment of Performance Shares" of the Company's 2018 Registration Document, pages 158 to 159. For other beneficiaries, the final award also depends on a presence condition. Specifically, beneficiaries must have an employment contract or hold corporate office on the vesting date. They must not be in a pre-departure notice period on the vesting date due the resignation, dismissal, or contractual termination, although there are a few limited exceptions to this rule (death, total and permanent disability, retirement or early retirement, beneficiaries working for an entity that was sold, or by decision of the Board of Directors);
- the Chairman and Chief Executive Officer will also be subject to non-disposal obligations. After the three-year vesting period, a two-year non-disposal period applies. When the non-disposal period expires he must continue to hold at least 50% of the vested Performance 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 cannot enter into hedging transactions.

For the sake of clarity, it is noted that (i) outstanding Free Shares and Performance Shares as at December 31, 2018 represented 1.33% of the Company's share capital on that date and (ii) the Company's standard practice is to grant existing shares and not to issue new shares, thereby avoiding dilution. If this resolution was to be carried out entirely by issuing new shares, it would have a limited diluting effect, as it would increase the percentage of outstanding Free Shares and Performance Shares to 3.18% of share capital based on the share capital as at December 31, 2018. In accordance with applicable laws, when the allocation is made out of unissued shares, the authorisation given by the Shareholders at a General Shareholders' Meeting automatically includes a waiver of their preferential subscription rights.

The average three-year unadjusted burn rate totals 0.49% (which 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, Performance Shares can only be allocated to the Company's corporate officers if the Company implements one of the measures referred to in that article.

The modalities of allocation (including performance criteria) to the Chairman and Chief Executive Officer described herein, also appear in the 2019 Compensation Policy submitted to the General Shareholders' Meeting. If the Shareholders do not approve that policy, the allocation system described in the previously approved 2018 Compensation Policy will be implemented.

Period of validity

This authorisation will be valid for a 26-month period starting from the General Shareholders' Meeting of May 23, 2019 and will cancel, as at the same date, the unused portion, at the date of this General Shareholders' Meeting, of the authorisation granted by the General Shareholders' Meeting of May 23, 2018 by way of its twelfth resolution.

Additional information – adjustment to the 2017 and 2018 allocations for all Performance Share beneficiaries, excluding the Chairman and Chief Executive Officer

As indicated above, the Group prefers short-term and long-term variable compensation for senior executives. This type of compensation is based on performance, loyalty and motivation, as opposed to fixed compensation. As explained above, the current long-term variable compensation structure does not adequately fit the current extremely volatile and unpredictable global automotive market. Accordingly, the long-term variable compensation for the last three financial years (under the 2016, 2017 and 2018 plans) has been impacted by the 2018 financial year. Indeed, due to strong disruptions that have developed gradually during 2018 and especially in the last second half of the year (in particular, WLTP standards in Europe, the market downturn in China, rise in raw material prices) in the automotive industry, the 2018 target rates – set by the Board of Directors on the basis of the guidance provided for this financial year and determined at the beginning of this financial year – were much higher than the results achieved. Consequently none of the shares granted under the 2016 plan will vest in 2019 and the same result is expected for the 2017 and 2018 plans.

Under these circumstances, and despite the fact that the performance criteria for the first two financial years of the 2016 plan have been satisfied, it appears likely that none of the shares granted under the 2016 plan will vest in 2019. However, the fact that it is expected that the 2017 and 2018 plans will also not be satisfied due to the financial year 2018 (and therefore no shares pursuant to these plans will be vested in the beneficiaries in 2020 and 2021) does not seem consistent with the purpose of long-term compensation, namely to act as a retention tool for the beneficiaries, give them a stake in the Group's results and align their interests with those of the Company and the shareholders.

However, in an environment marked by the difficulties faced by the automotive industry and the current disruption in financial markets, the Group wishes to secure the support of senior executives to get through these turbulent times. In addition, it is crucial for the Group to retain its best talent in a highly competitive labour market, including in particular with respect to the new Silicon Valley players.

These factors led the Compensation Committee to consider an adjustment mechanism for the allocations made under the 2017 and 2018 plans and to submit a proposal to the Board of Directors to that effect.

Based on the foregoing, it was decided that the performance assessment period for the 2017 and 2018 plans should be shifted by one year, *i.e.* respectively 2017, 2019 and 2020 for the 2017 plan (instead of 2017, 2018 and 2019) and 2019, 2020 and 2021 for the 2018 plan (instead of 2018, 2019 and 2020). The shift in the assessment period is also consistent with the retention objective of beneficiaries, since final awards are still conditional on their presence within the Group. However no adjustment has been made to the performance assessment period of the 2016 plan, and therefore none of the Performance Share allocations under this plan will vest in 2019.

It is understood that all beneficiaries of Performance Shares, excluding the Chairman and Chief Executive Officer, will benefit from these adjustments.

H. Share capital decrease by cancellation of treasury shares *(twentieth resolution)*

Possible reasons for use of the resolution

The cancellation of the Company's treasury shares that were in general acquired within the framework of a share buy-back program, authorised by the General Shareholders' Meeting, may have various financial purposes such as active capital management, balance sheet optimisation or the offsetting of the dilution resulting from share capital increases.

Conditions for implementation

The Board of Directors would have the authority to cancel all or part of the shares that it may purchase under a share buy-back program.

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 authorisation.

Ceiling

Pursuant to the applicable laws, cancellation of treasury shares would be limited to 10% of the share capital per 24-month period, as adjusted for transactions affecting it subsequent to this General Shareholders' Meeting.

Period of validity

This authorisation would be valid for a period of 26 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 delegation granted by the General Shareholders' meeting of May 23, 2017 under its nineteenth resolution.

I. Amendments to the articles of association – crossing of statutory thresholds *(twenty-first resolution)*

Article 9.3 of the Company's Articles of Association stipulates that any natural or legal person who comes to own, directly or indirectly, alone or in concert, any fraction representing more than 2% of the Company's share capital or voting rights (or any additional fraction of 2%) must inform the Company within 15 days of crossing said threshold. This information obligation also applies in the event of a downward crossing of the 2% threshold or a multiple thereof.

It should be noted that the methods of calculating the statutory thresholds differ from those applicable to the crossing of legal and regulatory thresholds insofar as the Articles of Association do not provide for the integration of assimilation cases into the methods of calculating the thresholds.

The inclusion, in the Company's Articles of Association, of a reference to cases of assimilation would make it possible (i) to ensure a certain consistency in the methods used to calculate the crossing of statutory thresholds by aligning them with those for crossing legal and regulatory thresholds and (ii) for the Company to monitor more accurately the evolution of its shareholding.

It is therefore proposed that you align the methods for calculating the statutory thresholds with those applicable to the crossing of legal and regulatory thresholds to include cases of assimilation, it being specified that the rest of Article 9.3 would remain unchanged, whether in terms of the fractions of the thresholds to be declared or the time limit applicable to the declaration.

J. Powers to complete formalities *(twenty-second resolution)*

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

III. Information relating to ongoing business since the beginning of financial year 2019

Information relating to the 2018 financial year is available in the 2018 Registration Document of the Company accessible on the Company's website (www.valeo.com) and the *Autorité des marchés financiers*' website (www.amf-france.org).

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, 2018.

Appendix 1

Compensation components paid or awarded to the Chairman and Chief Executive Officer for the financial year ended December 31, 2018

Compensation components paid or awarded for the financial year ending December 31,2018	Amounts or accounting value submitted to a vote	Presentation
Annual fixed compensation	€1,000,000 (amount paid)	The annual fixed compensation conditions, as approved by the General Shareholders' Meeting of May 23, 2018 as part of the vote on the 2018 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 2018 Compensation Policy for the Chairman and Chief Executive Officer", "Fixed compensation" of the 2018 Registration Document, page 153.
Annual variable compensation	€ 530,000 (amount allocated for financial year ended December 31, 2018)	The annual variable compensation conditions, as approved by the General Shareholders' Meeting of May 23, 2018 as part of the vote on the 2018 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 2018 Compensation Policy for the Chairman and Chief Executive Officer", "Variable compensation" of the 2018 Registration Document, pages 153 to 154. At its meeting on February 21, 2019, acting on the recommendation of the Compensation Committee, the Board of Directors noted that the achievement rate for quantifiable criteria was 0% (out of 115% maximum) and that the achievement rate for qualitative criteria was 53% (out of 55% maximum) of the annual fixed compensation due to Jacques Aschenbroich for the 2018 financial year, bringing the amount of variable compensation due to Jacques Aschenbroich for 2018 to 53% (out of 170% maximum) of his annual fixed compensation for 2018, *i.e.* €530,000, (€1,279,000 in 2017, a decrease of 59%). The failure to meet the quantifiable criteria, which objectives are ambitious, is part of the complex environment in which the Group operated in 2018, marked in particular by the disruptions in the automotive industry that developed during the year (notably WLTP standards in Europe, market slowdown in China, rising raw material prices). 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 of Jacques Aschenbroich, Chairman and Chief Executive Officer for the year ended December 31, 2018 and prior years", part "Compensation in respect of the year ended December 31, 2018", "Variable compensation" of the 2018 Registration Document, pages 161 to 162. Payment of 2018 variable compensation for the Chairman and Chief Executive Officer is subject to approval of his 2018 compensation by this General Meeting (*ex post* vote).
Multi-annual variable compensation	N/A	Jacques Aschenbroich does not receive any multi-annual variable compensation.
Attendance fees	N/A	Jacques Aschenbroich does not receive any attendance fees.
Exceptional compensation	N/A	Jacques Aschenbroich does not receive any exceptional compensation.
Stock option allocations	N/A	Jacques Aschenbroich has not received any stock option allocations.
Performance Share allocations	Number: 55,026 IFRS valuation: €2,599,978.5	The conditions for allocating Performance Shares, as approved by the General Shareholders' Meeting of May 23, 2018 as part of the vote on the 2018 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 2018 Compensation Policy for the Chairman and Chief Executive Officer", "Long-term compensation policy – Allotment of performance shares" of the 2018 Registration Document, pages 155 to 156. At its meeting on March 22, 2018, acting on the recommendation of the Compensation Committee, the Board of Directors decided to allot 55,026 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, 2018 that based on an IFRS valuation of the 55,026 Performance Shares at €47.25 each, the grant to Jacques Aschenbroich during the 2018 financial year represented 260% (out of 270% maximum) 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, 2018. 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, 2018 and prior years", part "Compensation in respect of the year ended December 31, 2018", "Long-term compensation policy – Allotment of performance shares" of the 2018 Registration Document, page 163.

Compensation components paid or awarded for the financial year ending December 31,2018	Amounts or accounting value submitted to a vote	Presentation
		It is specified, for information purposes, that due to the complex environment in which the Group operated in 2018, marked in particular by the disruptions in the automotive industry that developed during the year (notably WLTP standards in Europe, market slowdown in China, increase in raw material prices), no performance share allocated to Jacques Aschenbroich under the 2016 performance share plan will be delivered to him.
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. At its meeting of the same date, the Board of Directors noted its decision.
Non-competition payment	No amount awarded or paid for the financial year ended December 31, 2018	The conditions for the non-competition agreement, as approved by the General Shareholders' Meeting of May 23, 2018 as part of the vote on the 2018 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 2018 Compensation Policy for the Chairman and Chief Executive Officer", "Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Non-competition compensation" of the 2018 Registration Document, pages 156. The non-competition compensation was decided by the Board of Directors on February 24, 2010 and approved by the General Shareholders' Meeting of June 3, 2010 pursuant to its eleventh resolution, and continued unchanged by the Board of Directors on February 24, 2011, on the recommendation of the Appointments, Remuneration and Governance Committee. The amended non-competition compensation was authorized by the Board of Directors on February 24, 2015 and approved as a regulated commitment referred to in Article L. 225-42-1 of the French Commercial Code by the General Shareholders' Meeting of May 26, 2015 under its fifth resolution. In view of the new recommendations of the AFEP-MEDEF Code on non-competition agreements, Jacques Aschenbroich has expressed his decision to waive his non-competition compensation. In order to comply with the AFEP-MEDEF Code, the Board of Directors acknowledged it at its meeting of February 21, 2019 and has decided to amend the non-competition agreement accordingly.
Supplementary pension plan	No annuity or capital awarded or paid for the financial year ended December 31, 2018	The conditions for the supplementary pension plan, as approved by the General Shareholders' Meeting of May 23, 2018 as part of the vote on the 2018 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 2018 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 Registration Document, page 156. This pension plan was approved as a regulated agreement referred to in Article L. 225-38 of the French Commercial Code by the General Shareholders' Meeting of June 3, 2010 under its twelfth resolution and as a regulated commitment referred to in Article L. 225-42-1 of the French Commercial Code by the General Shareholders' Meeting of May 26, 2016 under its fifth resolution. 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 21, 2019, acting on the recommendation of the Compensation Committee, the Board of Directors noted that (i) the amount of the 2018 variable compensation is below its 2018 fixed compensation and amounts 53% of the 2018 fixed compensation and (ii) the pro rata calculation of the rights granted is 0.53%.
Benefits of any kind	- Unemployment insurance fund for Company managers: annual premium valued at €7,731; - 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, 2018 as part of the vote on the 2018 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 2018 Compensation Policy for the Chairman and Chief Executive Officer", "Other benefits" of the 2018 Registration Document, page 156.

<u>Appendix 2</u>
Compensation policy for the Chairman and Chief Executive Officer for the financial year ending December 31, 2019

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, 2019, constituting the 2019 Compensation Policy. 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.

For the purposes of determining the 2019 Compensation Policy, the Compensation Committee analyzed the structure of the Chairman and Chief Executive Officer's compensation based on a benchmarking review of four panels used by Valeo[4], with particular attention paid to the panel of European automobile and automotive component manufacturers (the "**Benchmarking Review**"). The panels are available on the "Corporate Governance" page of the Company's website (www.valeo.com). Generally speaking, the outcome of the Benchmarking Review showed that the level of variable and long-term compensation is consistent with market practices and will therefore remain unchanged in the 2019 Compensation Policy compared with the 2018 Compensation Policy.

At the end of the review process, the Compensation Committee nevertheless recommended that the Board of Directors make certain adjustments both in terms of the amount of annual fixed compensation and the conditions for awarding performance shares.

At its meeting on March 21, 2019, the Board of Directors, acting on the recommendations of the Compensation Committee, approved the 2019 Compensation Policy as described below.

Fixed compensation

The annual fixed compensation notably remunerates for responsibilities associated with the duties of Chairman and Chief Executive Officer. In accordance with the AFEP-MEDEF Code, fixed compensation is reviewed at relatively long intervals.

The fixed annual compensation received by the Chairman and Chief Executive Officer, which had been 900,000 euros since June 1, 2011, was increased to 1,000,000 euros on February 18, 2016. This increase was decided in light of the combination of the positions of Chairman of the Board of Directors and Chief Executive Officer, the continued growth in the Valeo Group's operations since 2011 and after noting that Jacques Aschenbroich's fixed compensation was below the average reported in various comparative studies[5] on the compensation of Chief Executive Officers and Chairmen and Chief Executive Officers of companies belonging to the CAC 40 index and comparable European industrial companies.

This amount has remained unchanged since February 18, 2016, even though the Group has continued to grow in an increasingly complex environment. Valeo has significantly expanded its international footprint, particularly in Asia where the Group has enjoyed rapid growth, a source of added complexity, which was accelerated in 2017 by the creation of the Valeo-Kapec joint venture in Korea and the acquisition of a controlling stake in Japanese company Ichikoh. Asia now accounts for 32% of the Group's sales and Asian customers for 34%. Furthermore, investment in R&D and the development of new innovative products, particularly in electrification and autonomous driving, are a source of growth but also operational complexity. This investment is reflected in the order intake for innovative products, which was 53% in 2018 (60% including the Valeo Siemens eAutomotive joint venture) versus 37% in 2015. More generally, this growth has been accompanied by a significant increase in (i) the Group's sales, which have risen from 14,544 million euros at December 31, 2015 to 19,124 million euros at December, 31 2018, an increase of 31.49% and (ii) the number of employees, which has risen from 82,800 at

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[4] 1. CAC 40; 2. CAC 40 excluding the finance and luxury goods sectors; 3. European automobile and automotive components manufacturers; and 4. Global automotive component manufacturers.

[5] A summary of the results of the comparative studies and the panels used can be found in the "Shareholders' Meeting" section of Valeo's website.

December 31, 2015 to 113,600 at December 31, 2018, an increase of 37.19%. These figures do not include Valeo Siemens eAutomotive, which since its creation in 2016, has taken orders worth more than 10.5 billion euros. In addition to this growth, the Benchmarking Review revealed that the Chairman and Chief Executive Officer's annual fixed compensation was below the median of the panels used and in fact was closer to the first quartile.

These factors prompted the Compensation Committee to recommend that the Board of Directors raise the Chairman and Chief Executive Officer's fixed compensation to 1,150,000 euros, effective May 23, 2019.

There are no plans to change this amount until the end of Jacques Aschenbroich's new term of office as Chairman and Chief Executive Officer.

From January 1, 2019 to May 23, 2019, the Chairman and Chief Executive Officer's fixed remuneration will remain at 1,000,000 euros.

Variable compensation

The principles and criteria relating to variable compensation under the 2018 Compensation Policy (see paragraph "Variable compensation" of this section, pages 153 to 154) remain unchanged in the 2019 Compensation Policy[6].

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 2018 Compensation Policy, as the Benchmarking Review confirmed that this was an appropriate level.

Long-term compensation policy – Allotment of performance shares

The Chairman and Chief Executive Officer's maximum long-term variable compensation, which in any event remains capped at 270% of annual fixed compensation, remains unchanged compared with the 2018 Compensation Policy, as the Benchmarking Review confirmed that this was an appropriate level.

As indicated in the 2018 Compensation Policy, the aim of allotting performance shares is not only to encourage the Chairman and Chief Executive Officer to take a long-term approach to his duties, but also to retain him and align his interests with those of Valeo and its shareholders. Under the performance share plans, performance criteria must be met over a period of three consecutive years. Valeo applies strict and ambitious financial and operating performance criteria considered as particularly representative of the Company's performance. The Board of Directors, acting on the recommendation of the Compensation Committee, decided to adjust the criteria used in previous years for the 2019 Compensation Policy. These adjustments are aimed at better reflecting, in the proposed criteria, the Group's strategy, current financial and operating performance objectives, value creation for Valeo's shareholders measured using the new external performance criterion, Total Shareholder Return (TSR), and performance measurement.

The performance shares will be contingent on the achievement of two previously used internal performance criteria – operating margin and pre-tax ROA – as well as TSR, which has replaced the ROCE criteria already used for short-term variable compensation. Valeo's TSR will be measured relative to the CAC 40 index and a panel of companies in the European automotive sector. The internal performance criteria represent a maximum of 80% of the shares allotted (40% for each) and the external criterion represents a maximum of 20%.

[6] However, the free cash flow and net income assumptions, referred to in notes 2 and 3 of the variable compensation summary table for the 2018 Compensation Policy are not included in the 2019 Compensation Policy.

The following table shows a summary of the performance share criteria and measurement methods used in the 2019 Compensation Policy[7]:

<table>
<tr><th>Criterion</th><th>Weighting/Measurement</th></tr>
<tr><td>Internal performance criteria: ROA rate</td><td rowspan="2">Achievement of a performance rate for each criterion (ROA rate and operating margin rate) for each of the three years of the vesting period (Y, Y+1 and Y+2). The relevant criterion will be met if, for each year of the plan, the performance rate achieved is higher than or equal to the target rate set by the Board of Directors, inasmuch as (i) the target rate cannot be lower than the guidance for the reference year[8], (ii) the criterion cannot be subsequently changed by the Board of Directors, and (iii) the target rates cannot be subsequently altered by the Board of Directors except by a duly justified decision due to exceptional circumstances beyond the beneficiaries' control.
- If the achievement level for the relevant criterion is higher than or equal to the target rate for all three years of the plan: 100%.
- If the achievement level for the relevant criterion is higher than or equal to the target rate for only two years of the plan: 50%.
- If the achievement level for the relevant criterion is higher than or equal to the target rate for only one year of the plan: 20%.
- If the achievement level is not reached for any of the three years of the plan: 0%.</td></tr>
<tr><td>Internal performance criteria: operating margin rate</td></tr>
<tr><td>External performance criteria: TSR</td><td>TSR over a period of three years from January 1 of the year of allotment to December 31 of the year before delivery.
- If Valeo's TSR over the reference period is higher than the CAC 40 TSR over the reference period: 10% (0% if equal to or lower than the Panel median).
- If Valeo's TSR over the reference period is higher than the median TSR of the companies in the European Automotive Panel over the reference period: 10% (0% if equal to or lower than the Panel median).</td></tr>
</table>

In addition, a presence condition must be met at the time of the allotment. Thus, the performance shares allotted to the Chairman and Chief Executive Officer will vest only if his term of office[9] has not expired on the vesting date. Entitlement to the performance shares will be lost in the event of (i) dismissal due to gross negligence or misconduct or (ii) dismissal 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.

Each time that it decides to allot performance shares, the Board of Directors ensures that performance share allotments, valued under IFRS, do not represent a disproportionate percentage of all compensation and performance shares allotted, that they have a limited impact in terms of dilution (*i.e.*, for indicative purposes, a maximum of 250,000 under the nineteenth resolution of the Shareholders' Meeting of May 23, 2019) and that the allotments are made at the same times of the year. In accordance with applicable laws and Company practices, the Group's executive managers and employees are also entitled to performance shares.

7 The criteria and conditions for valuing performance shares are also described in the Board of Directors' report to the Shareholders' Meeting of May 23, 2019 (*under the nineteenth resolution*). If the nineteenth resolution is not passed at the Shareholders' Meeting of May 23, 2019, the criteria and conditions for valuing the performance shares described in the Board of Directors' report to the Shareholders' Meeting of May 23, 2018 (*under the twelfth resolution*) will apply to the Chairman and Chief Executive Officer in respect of the 2019 Compensation Policy. The twelfth resolution at that Meeting was approved with a majority of 95.26%.

8 Guidance for 2019 is ROA rate of 11% (taking into account share in net earnings of equity-accounted companies) and operating margin rate (excluding share in net earnings of equity-accounted companies) of between 5.8% and 6.5%.

9 Or, if the offices of Chairman of the Board of Directors and Chief Executive Officer are separated before the vesting date, until the end of his term as Chairman of the Board of Directors or as Chief Executive Officer.

The maximum amount of performance shares allotted to the Chairman and Chief Executive Officer, valued under IFRS, must not exceed 270% of his annual fixed compensation (*i.e.*, 100% of maximum annual fixed and variable compensation). 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 accordance with the recommendations of the AFEP-MEDEF Code and the provisions of the Code of Conduct, the Chairman and Chief Executive Officer is not permitted to use hedging transactions to reduce his risk. He has made a formal commitment in this respect as required by the AFEP-MEDEF Code. At the end of the holding period set by the Board of Directors, the Chairman and Chief Executive Officer must also hold a significant number of vested performance shares in the form of registered shares until the end of his term of office. This holding obligation corresponds to 50% of the vested performance shares.

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.

The principles and criteria relating to this component of compensation under the 2018 Compensation Policy (see paragraph "Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Defined benefit pension plan" of this section, page 156), remain unchanged in the 2019 Compensation Policy.

In accordance with the applicable legal provisions, the renewal of this commitment to the executive corporate officer was authorized by the Board of Directors on March 21, 2019 and will be submitted for approval of the shareholders at the Shareholders' Meeting of May 23, 2019.

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

The Board of Directors may decide to make a non-competition commitment to the executive corporate officer in accordance with the recommendations of the AFEP-MEDEF Code.

Jacques Aschenbroich has had a non-competition agreement since February 24, 2010 (see paragraph "Commitment pursuant to Article L. 225-42-1 of the French Commercial Code – Non-competition compensation" of this section, page 156).

Given the new recommendations of the AFEP-MEDEF Code on non-competition agreements, Jacques Aschenbroich announced his decision to waive his right to non-competition compensation. In order to comply with the AFEP-MEDEF Code, the Board of Directors formally noted this decision at its meeting on February 21, 2019 and consequently decided to amend the non-competition agreement on March 21, 2019 accordingly.

Other benefits

The principles and criteria relating to this component of compensation under the 2018 Compensation Policy (see paragraph "Other benefits" of this section, page 156), remain unchanged in the 2019 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 2018 Compensation Policy (see 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" of this section, page 157), remain unchanged in the 2019 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. At its meeting on that date, the Board of Directors duly noted his decision.

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 purchase or subscription options or other long-term component of compensation other than performance shares will be allotted to the Chairman and Chief Executive Officer in 2019.

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 2019 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 2019 financial year have been approved by the shareholders at an Ordinary Shareholders' Meeting (*ex post* vote).

The principles and criteria described in the 2019 Compensation Policy will apply to the Chief Executive Officer if the offices of Chairman of the Board of Directors and Chief Executive Officer are separated.

The resolution on the 2019 Compensation Policy was included in the notice of meeting published in the French legal gazette (*Bulletin des annonces légales obligatoires* – BALO) on March 29, 2019 (*tenth resolution*).

Appendix 3

Summary table on the financial resolutions submitted by the Board of Directors to this General Shareholders' Meeting

No.	Description	Period of validity	Possible reasons for use of the authorisation or the delegation	Ceilings	Price	Conditions for the implementation of the authorisation
11	Authorisation to carry out transactions in shares issued by the Company.	18 months.	Possible purposes for such share buyback program: ▪ The implementation of any stock option plan enabling the acquisition of Company's shares, in particular by any employee or corporate officer. ▪ The allocation of free shares, in particular to employees and corporate officers. ▪ 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. ▪ Generally, compliance with obligations in respect of stock option plans or other allocations of shares to employees or corporate officers. ▪ The delivery of shares upon exercise of the rights attached to securities giving access to the share capital. ▪ Retention and subsequent delivery shares in the context of external growth transactions, mergers, spin-offs or contributions. ▪ The cancellation of all or part of the repurchased shares. ▪ Ensuring the market-making of the Company's share pursuant to a liquidity contract in accordance with market practice accepted by the French Financial Markets Authority (*Autorité des marchés financiers*). ▪ 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.	▪ 10% of the share capital (at any time). ▪ 5% in the event of external growth transaction, merger, spin-off or contribution. ▪ Global amount allocated to the share buyback program: €1,922,024,800 (excluding acquisition costs).	Maximum purchase price: €80 per share (excluding acquisition costs).	May not be used during a public offer.
12	Issue of shares and/or securities giving immediate or future access to the share capital of the Company or a Subsidiary, with maintenance of the PSR.	26 months.	May be used by the Board of Directors in order to raise, with speed and flexibility, the financial means required to finance the growth and development of the Company and its Group, with maintenance of the PSR.	▪ Maximum nominal amount for share capital increases: 70 million euros (*i.e.* 29.14% of the share capital as at December, 31 2018), included in the Global Ceiling (Equity). ▪ Maximum nominal amount for debt securities: 1.5 billion euros, included in the Global Ceiling (Debt).	Minimum price: nominal value.	▪ Issue of shares and securities giving immediate or future access to the share capital of the Company or a Subsidiary (including equity securities giving entitlement to the allocation of debt securities). ▪ Possibility to grant subscription right on a reducible basis. ▪ May not be used during a public offer.

No.	Description	Period of validity	Possible reasons for use of the authorisation or the delegation	Ceilings	Price	Conditions for the implementation of the authorisation
13	Issue of shares and/or securities giving immediate or future access to the share capital of the Company or a Subsidiary by way of a public offering, with cancellation of the PSR.	26 months.	▪ May be used by the Board of Directors in order to raise, with speed and flexibility, the financial means required to finance the growth and development of the Company and its Group, with cancellation of the PSR. ▪ May be used to issue shares or securities giving access to the share capital as compensation for securities contributed to a public exchange offer for the securities of a company meeting the conditions set out in Article L. 225-148 of the French Commercial Code.	▪ Maximum nominal amount for share capital increases: 23 million euros (*i.e.* 9.57% of the share capital as at December 31, 2018), limit jointly applicable with the 14th and 17th resolutions, included in the Global Ceiling (Equity). ▪ Maximum nominal amount for debt securities: 1.5 billion euros, included in the Global Ceiling (Debt).	Shares: the issue price will be at least equal to the minimum price per share set by the laws and regulations applicable on the issue date after correction, if necessary, of this amount to take into account the difference in the dividend entitlement date (as an indication on the day of the General Meeting hereof, a price at least equal to the weighted average share price of the last three trading sessions on the regulated market of Euronext Paris preceding the determination of the subscription price, eventually minus a maximum 5% discount). Securities: regarding any share issued as a result of the issue of securities giving access to the share capital, the total amount received by the Company for such securities will be at least equal to the minimum issue price per share set out by the applicable laws and regulations (as described above). Rules not applicable in the event of remuneration for securities within the framework of a public exchange offer launched by the Company.	▪ Issue of shares and securities giving immediate or future access to the share capital of the Company or a Subsidiary (including securities that are equity securities giving access to the share capital) with the possibility to issue these securities following the issue by a Subsidiary of securities giving access to the Company's share capital under the conditions provided for by law. ▪ Option to establish a non-tradable priority right, on a reducible basis as the case may be, to be exercised in accordance with the terms set out by the Board of Directors. ▪ May not be used during a public offer.
14	Issue of shares and/or securities giving immediate or future access to the share capital of the Company or a Subsidiary by private placement, with cancellation of the PSR.	26 months.	May be used by the Board of Directors in order to raise, with speed and flexibility, the financial means required to finance the growth and development of the Company and its Group, with cancellation of the PSR.	▪ Maximum nominal amount for share capital increases: 23 million euros (*i.e.* 9.57% of the share capital as of December 31, 2018, limit much lower than the legal limit of 20% of the share capital per year), limit jointly applicable with the 13th and 17th resolutions, included in the Global Ceiling (Equity). ▪ Maximum nominal amount for securities representing debt securities: 1.5 billion euros, included in the Global Ceiling (Debt).	Shares: the price will be at least equal to the minimum price per share set out by the laws and regulations applicable on the issue date (as at the date hereof, the weighted average share price of the last three trading sessions on the regulated market of Euronext Paris preceding the determination of the subscription price, minus 5%). Securities: regarding any share issued as a result of the issue of securities giving access to the share capital, the total amount received by the Company for such securities will be at least equal to the minimum issue price per share set out by the applicable laws and regulations (as described above).	▪ Issue of shares and hybrid securities (including securities that are equity securities giving access to the share capital of a Subsidiary) with possibility to issue hybrid securities or shares following the issue by a Subsidiary of securities giving access to the Company's share capital to be issued. ▪ May not be used during a public offer.

No.	Description	Period of validity	Possible reasons for use of the authorisation or the delegation	Ceilings	Price	Conditions for the implementation of the authorisation
15	Increase of the number of securities in the event of an issue with maintenance of or cancellation of the PSR as part of the over-allotment options applicable if the demand exceeds the number of securities offered.	26 months.	May be used to re-open an issue in the event of over-allotment (greenshoe clause*)*.	▪ 15% of the initial issue. ▪ Ceilings of the resolution under which the issue is decided, included in the Global Ceilings (Equity and Debt).	Price identical to that applicable to the initial issue.	▪ May be used in the event of excess demand for issues carried out under the 12th, 13th or 14th resolutions. ▪ May not be used during a public offer.
16	Share capital increase by capitalisation of premiums, reserves, profits or other amounts that may be capitalised.	26 months.	May be used to increase the share capital by capitalisation of reserves, profits, premiums and other amounts that may be capitalised without any contribution of "fresh money" being necessary. The shareholders' rights would not be affected by such transaction, since it would involve the issue of new securities allocated free of charge or the increase of the nominal value of existing securities.	Maximum nominal amount for share capital increases: 30 million euros, included in the Global Ceiling (Equity).	Amount of the sums to be capitalised determined by the Board of Directors.	▪ Share capital increase carried out by way of issue and allocation of securities allocated free of charge or by an increase in the nominal value of the existing equity securities or by a combination of the two procedures. ▪ May not be used during a public offer.
17	Issue of shares and/or securities giving, immediate or future, access to the share capital of the Company to be used as remuneration for contributions in kind granted to the Company, without PSR.	26 months.	May be used to carry out external growth transactions or to repurchase minority stakes within the Group without any impact on the Company's cash.	▪ Maximum nominal amount for capital increase: 23 million euros (*i.e.* 9.57% of the share capital as at December 31, 2018, limit lower than the legal limit of 10%), limit jointly applicable with the 13th and 14th resolutions, included in the Global Ceiling (Equity). ▪ Maximum nominal amount for debt securities: 1.5 billion euros, included in the Global Ceiling (Debt).	Appraisal of the contributions, of the type of securities to be issued, the number of securities to be issued and of the amount of the potential cash adjustments to be paid, to be determined by the Board of Directors.	▪ Issue of shares and securities giving access to the share capital (including equity securities giving entitlement to allocation of debt securities). ▪ This resolution cannot be used in the event of issue of securities as consideration for securities contributed to a public exchange offer (13th resolution). ▪ Issues carried out to the benefit of contributors, without PSR. ▪ May not be used during a public offer.
18	Issue of shares and/or securities giving, immediate or future access to the share capital of the Company reserved for members of a savings plan, with cancellation of the PSR.	26 months.	▪ May be used by the Board of Directors to offer Group employees in France and abroad the option of subscribing for securities, to involve them more closely in the growth of the Company. ▪ Meets statutory requirements (obligation to propose a draft resolution concerning a share capital increase reserved for employee members of a company savings plan: (i) when a proposal for a share capital increase via contributions in cash is made to the shareholders, save where the increase results from a prior issue of securities giving access to the share capital and (ii) whenever the employees hold less than 3% of the share capital (at regular intervals defined by law)).	▪ Maximum nominal amount for capital increase: 5 million euros, included in the Global Ceiling (Capital). ▪ Maximum nominal amount for debt securities: 1.5 billion euros, included in the Global Ceiling (Debt).	▪ Price at least equal to the Reference Price with application of the maximum discount provided for by law. ▪ Option to reduce or cancel discounts, within statutory and regulatory limits.	▪ Issue of shares and securities giving access to the share capital (including equity securities giving entitlement to the allocation of debt securities). ▪ May not be used during a public offer.
19	Allocations of 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	26 months.	Used 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.	▪ <u>Maximum number of Free Shares and/or Performance Shares that can be allocated</u>: 4,445,000 shares. ▪ <u>Maximum number of Performance Shares allocated to corporate officers</u>: 250,000 shares.	N/A	▪ <u>General conditions</u>: allocations of Free Shares and Performance Shares to employees and corporate officers or some of them[10]. ▪ <u>Minimum vesting period</u>: 3 years after the allocation date.

10 In the event of the separation between the roles of Chairman and of Chief Executive Officer, the allocation will also benefit the Chief Executive Officer. Any reference to the Chairman and Chief Executive Officer in this section shall also be considered as a reference to the Chief Executive Officer.

No.	Description	Period of validity	Possible reasons for use of the authorisation or the delegation	Ceilings	Price	Conditions for the implementation of the authorisation
	of their PSR.					▪ Performance conditions measured for each of the financial years (Y, Y+1, and Y+2) of the vesting period applicable to the Chairman and Chief Executive Officer and Operational Committee members: *Internal performance criteria (80% of allocated shares)*: operating margin rate and ROA rate; satisfied if, for each financial year covered by the grant, the rate actually achieved under the criterion concerned is greater than or equal to the target rate set by the Board of Directors, it being specified that (i) the target rate may not be lower than the guidance for the reference financial year, (ii) the criterion adopted may not be modified subsequently by the Board of Directors and (iii) the target rates may not be modified subsequently by the Board of Directors, unless a duly justified decision is taken in exceptional circumstances beyond the control of the beneficiaries. The number of Performance Shares granted that will definitively vest varies according to the rate of achievement of the criterion concerned: (i) if the achievement rate is, for each year covered by the plan, ≥ at the target rate set for each of these three years: 100%, (ii) if the achievement rate is, for only two years covered by the plan, ≥ at the target rate set for the two years concerned: 50%, (iii) if the achievement rate is, only for a financial year covered by the plan, ≥ at the target rate set for that financial year: 20%, and (iv) if the achievement rate of the criterion in question is not achieved for any of the financial years covered by the acquisition period: 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 set by the Board of Directors and disclosed by the Company over a three-year period starting January 1st of the year of allocation to December 31st 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 companies in the automotive sector in Europe over the reference period: 10% (0% if ≤). 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.

No.	Description	Period of validity	Possible reasons for use of the authorisation or the delegation	Ceilings	Price	Conditions for the implementation of the authorisation
						▪ Performance conditions measured for each of the three financial years (N, N+1, N+2) covered by the vesting period applicable to Liaison Committee members (up to 100% of the allocations) and to those reporting directly to Liaison Committee members and to other Group executives (up to 50% of the allocations): only internal performance criteria, namely operating margin rate and ROA rate; rules for meeting these two criteria as well as the allocation scale are same as for allocations to Chairman and Chief Executive Officer and Operational Committee members. ▪ 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, 2019", "Long-term compensation policy – Allotment of performance shares" of the Company's 2018 Registration Document, page 158 to 159. - retention obligation of at least 50% of the vested Performance 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.
20	Share capital decrease by cancellation of treasury shares	26 months.	May be used to reduce the Company's share capital for various financial purposes such as active capital management, balance sheet optimisation or offsetting of the dilution resulting from share capital increases.	10% of the share capital per 24-month period.	-	-

GLOSSARY

Free Shares and Performance Shares

The definitions of Free Shares and Performance Shares are set out in paragraph II, G. Association of employees and corporate officers in the share capital of your Company: allocation of free shares existing or to be issued (*nineteenth resolution*).

Dividend

Amount of dividends distributed over the last three financial years:

- financial year 2017: 295.9 million euros;
- financial year 2016: 296.6 million euros;
- financial year 2015: 236.4 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.

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 30% including (i) the income tax at the flat rate of 12.8% (Article 200 A, 1-1° of the French General Tax Code) and (ii) social security contributions (including the CSG, CRDS, the social security contribution, the additional contribution to the social security contribution and the solidarity contribution) at a rate of 17.2%. Individual shareholders domiciled for tax purposes in France may, however, opt to have this dividend subject to the progressive scale of income tax when filing the income tax return and at the latest before the deadline for filing (Article 200 A, 2 of the French General Tax Code).

Preferential subscription right or PSR

For a description of the preferential subscription right or PSR and a statement of the reasons for requests to waive the PSR, see paragraph II.

Priority right

In return for the cancellation of the PSR, the Board of Directors could grant a priority right, if necessary also on a reducible basis. If this right is granted, it allows, like the PSR, shareholders to subscribe to the proposed issue in proportion to the number of existing shares they hold. However, unlike the PSR, this right of priority can be exercised during a minimum priority period (currently set by law at a minimum of three trading days, shorter than the period provided for the PSR) and is non-negotiable. This priority period cannot be proposed for all issues: in the same way as for the PSR, it may be preferable, or even necessary, not to propose this priority period, in order to place securities in the best possible conditions, in particular when the speed of transactions is an essential condition for their success, or when issues are made on foreign financial markets.

Subsidiaries

Companies in which the Company owns, directly or indirectly, more than 50% of the share capital.

Average Performance Measurement

The definition of the Average Performance Measure is set out in paragraph II, G. Association of salaried employees and corporate officers with respect to the share capital of your Company: free allocation of existing or future shares (*nineteenth resolution*).

Global Ceiling (Equity)

General ceiling for capital increases carried out pursuant to the twelfth to eighteenth resolutions submitted to this General Meeting, equal to 131 million euros, or any other global ceiling that may be provided for by a resolution of the same nature as the twelfth resolution of this General Meeting that may succeed the said resolution.

Global Ceiling (Debt)

General ceiling for the issuance of debt securities pursuant to the twelfth to fifteenth and seventeenth to eighteenth resolutions submitted to this General Meeting, equal to 1.5 billion euros, or any other global ceiling that may be provided for by a resolution of the same nature as the twelfth resolution of this General Meeting that may succeed the said resolution.

Reference price

The definition of the Reference Price is set out in paragraph II, F. Association of employees and corporate officers of the Company's share capital: issue of shares to members of savings plans, with cancellation of the DPS (*eighteenth resolution*).

Reducible (subscription right as a title)

For a description of the reducible subscription right, see paragraph II A.

Securities giving access, immediately or in the future, to the share capital (including equity securities giving the right to the allocation of debt securities)

Characteristics of these securities

The twelfth to fifteenth and seventeenth to eighteenth resolutions submitted to this General Shareholders' Meeting would allow the Board of Directors to decide the issue of securities giving access to the share capital of the Company, either by issuing new shares (such as shares with subscription warrants attached or bonds convertible into or redeemable for shares to be issued) or by delivering existing shares when the initial security is an equity security; these securities may take the form either of debt security (as in the example of convertible bonds provided that they give access to equity securities to be issued), or of equity security (as, for example, shares with share warrants attached). However, the issue of equity securities that are convertible or which may be transformed into debt security is prohibited by law. Securities giving access to the share capital which take the form of debt securities (such as bonds convertible into or redeemable for shares, or bonds with share warrants attached) may give access to their holders, at any time, or during specified periods, or on specified dates, to shares to be issued. This allotment of shares may be effected by conversion (such as bonds convertible into shares), redemption (such as bonds redeemable for shares), exchange (such as bonds exchangeable for shares), or presentation of a warrant (such as bonds with share warrants attached) or by any other means during the term of the debt security, whether or not shareholders' preferential subscription rights are maintained in respect of the securities thereby issued. Pursuant to applicable law, the delegations made by this General Shareholders' Meeting in connection with the issue of securities incorporate an express waiver by the shareholders of their preferential subscription right for the shares and securities issued immediately or in the future in connection with these securities. Therefore, if the General Shareholders' Meeting were to approve these resolutions, you would by operation of law waive your preferential subscription rights to any shares that the Company might issue in connection with a potential redemption of bonds redeemable for shares to be issued.

The twelfth to fifteenth and seventeenth to eighteenth resolutions submitted to this General Shareholders' Meeting would allow the Board of Directors to decide the issue of securities representing equities granting entitlement to debt securities. Please note that, as from the order No. 2014-863 dated July 31, 2014, the Board of Directors has the sole authority to issue securities that are debt securities granting entitlement to the allocation of other debt securities or giving access to existing equity securities, which do not imply any dilution and such issue is therefore excluded from the scope of these resolutions.