2019
NOTICE OF MEETING

COMBINED SHAREHOLDERS’ MEETING
THURSDAY MAY 23, 2019, 2:30 P.M.
AT PAVILLON VENDÔME
362-364, AVENUE SAINT-HONORÉ, 75001 PARIS
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For any information about your participation in the Shareholders’ Meeting, please contact your bank or call the toll-free number 0800 814 045 (free from a land line in France) or +33 (01) 40 55 20 39 from outside France, or send an email to the following address: valeo@relationsactionnaires.com.

On our website www.valeo.com, you can find the Notice of Meeting, the number of voting rights at the date the Notice of Meeting was published (March 29, 2019), all documents to be presented to the Shareholders’ Meeting, the Registration Document, the postal and proxy voting form, any points required by shareholders to be recorded on the agenda and any draft resolutions presented by shareholders.
MESSAGE

2018 WAS CERTAINLY AN UNUSUAL YEAR FOR VALEO.

It’s important to keep in mind that Valeo recorded its best results ever in 2017 (excluding the impact of the Valeo Siemens eAutomotive joint venture) and that its performance in first-half 2018 was in line with the previous year. Nonetheless, Valeo’s results were significantly impacted in the second half by worsening market conditions, the implementation of the new WLTP test cycle for cars in Europe, the sharp slowdown in the Chinese market, the rise in the price of raw materials and the shortage of electronic components.

The temporary dip in the Group’s outperformance versus the market, as well as the decline in Valeo’s results in the second half, had a major impact on share price performance during the year, despite the 6% full-year growth achieved at constant exchange rates. Medium- and long-term value creation is obviously one of our core concerns, and the value created by Valeo is indeed higher than the value created by our peers over five years and ten years.

The Group responded to this situation as early as July, implementing a vigorous action plan aimed at cutting costs by around 100 million euros and reducing its capital expenditure, also by 100 million euros. As announced on February 21, we will continue to implement this action plan in 2019.

Our 2018 performance reflects uncertainty in a global automotive market faced with a complex macroeconomic environment and shaped by the revolutions that are well underway, in the form of autonomous and electric vehicles and digital mobility.

With these changes, Valeo is now in a stronger position than ever before. The technology platforms we have developed put us at the center of these revolutions and give us a strong position in fast-growing...
market segments for the coming years. The strength of Valeo’s expertise lies in the fact that it brings together know-how in a number of businesses, from powertrains and thermal systems to lighting and sensors. This powerful combination resulted in further commercial successes in 2018, with the order intake exceeding 24 billion euros:

- 53% of this order intake related to innovations, confirming the strategic value of the 2,144 patents filed worldwide and the 2.1 billion euros allocated to R&D, of which one-third was dedicated to the development of ADAS and autonomous vehicles and half to technologies designed to reduce CO₂ emissions;
- a strong positioning in sensor development drove technological progress in advanced driving assistance systems and autonomous vehicles. Valeo’s innovations make it a preferred partner in this area, for both its traditional automotive customers and for new players in the field of mobility solutions. Valeo also achieved a world first during the year when it took to the streets of Paris in September to demonstrate autonomous vehicles fitted exclusively with series-produced sensors;
- our leadership position in powertrain systems for electric and hybrid vehicles was consolidated during the year. Alone or via its joint venture with Siemens, Valeo is the world leader in the low- and high-voltage powertrain systems market.

Once again, these commercial successes were built on the operational excellence achieved by Valeo’s production and logistics teams. In 2018, 450 billion components were assembled and transformed into 1.5 billion products – or more than 6 million products per day – and then delivered to more than 600 sites around the world. These impressive figures reflect the exploits accomplished each day at our 186 plants worldwide.

With nearly 20,000 researchers, including 5,700 software engineers, as well as a network of more than 200 artificial intelligence specialists and a global open innovation ecosystem, Valeo also demonstrated in 2018 its ability to adapt to a changing environment while remaining loyal to its DNA.

Our fundamentals are solid, our strategy is clear and our technology portfolio unique. By developing technology platforms and increasing our production capacity, we have created all of the conditions necessary to fuel our future growth and long-term value creation.

We therefore look to the years ahead with optimism and enthusiasm.

March 29, 2019
HOW TO PARTICIPATE IN THE SHAREHOLDERS’ MEETING?

Conditions

To be able to attend the Meeting, you must ensure that your shares have been recorded by midnight (Paris time) on the second business day preceding the Meeting, i.e. by 12:00 a.m. (Paris time) on May 21, 2019:

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

A certificate will also be issued to you if you wish to attend the Shareholders’ Meeting in person and have not received your admission card by 12:00 a.m. (Paris time) on May 21, 2019 (see next page).

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

However, only shareholders whose shares have been recorded in an account by the second business day preceding the Shareholders’ Meeting, i.e. by 12:00 a.m. (Paris time) on May 21, 2019, are entitled to vote at the Shareholders’ Meeting. If shares are sold before this date, the share ownership certificate will be deemed invalid to the extent of the shares sold and the votes attached to these shares will not be taken into account.

How to vote?

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

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

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

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

The Company is no longer obliged to take into account voting forms received after May 20, 2019.

Electronic notification of proxies for which confirmation has not been received by 3:00 p.m. (Paris time) on May 22, 2019 will not be taken into account.
1. If you wish to attend the Shareholders’ Meeting in person

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

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

The request must be sent as early as possible so that it is received by Société Générale no later than May 17, 2019. Your admission card will have to be shown to enable you to enter the Meeting. If you have not received the card that you have requested three days before the Shareholders’ Meeting, please call the admission card information center of Société Générale, at 0 825 315 315 (€ 0.15/min from a land line in France), open from 8:30 a.m. to 6:00 p.m.

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

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

A. If you want to cast a postal vote

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

- for the draft resolutions presented or approved by the Board of Directors (resolutions 1 to 22 – box A),
- leave blank the boxes corresponding to the resolutions for which you wish to vote YES,
- black out the boxes corresponding to the resolutions for which you wish to vote NO or abstain (abstentions count as a NO vote);
- for the draft resolutions not approved by the Board of Directors, if any, (box B), black out box YES or box NO/Abstain for each resolution, as appropriate;
- for any amendments to resolutions or new resolutions submitted to the Meeting, do not forget to check one of the options offered in box C so that your view is taken into account in the quorum and in the vote: for these resolutions, you may give your proxy to the Chairman of the General Meeting, you can abstain or give your proxy to another person. In the latter case, do not forget to state the name of your representative.

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

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

Simply date and sign the voting form in the red box at the bottom. In this case, your vote will be in favour of all resolutions presented to the Shareholders’ Meeting or approved by the Board of Directors (resolutions 1 to 22) and against all other resolutions not approved by the Board of Directors.

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

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

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

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

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

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

The Company is no longer obliged to take into account voting forms received after May 20, 2019.
You wish to attend the Meeting: tick A

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

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

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

IMPORTANT: Avez-vous vals choisi, volez-vous prendre connaissance des instructions qui suivent. — Important: Before selecting please refer to instructions on reverse side.

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

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

Enter your last name, first name and address or check them if they have already been entered.

Whatever your choice, please date and sign here.

If your shares are bearer shares, send the form to the bank holding your shares in order that your instructions are taken in account.
If you want to appoint/revoke a proxy by e-mail

Holders of registered shares

Send an e-mail bearing an electronic signature certified by a legally accredited body to actionnaires.groups@valeo.com. The e-mail must contain the following information:

- Valeo Shareholders’ Meeting of May 23, 2019;
- your surname, first name, address and Société Générale number (which you will find in the top left-hand corner of your bank statement) or bank details if your shares are registered and administered by another bank;
- the surname, first name and address of your proxy.

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

Holders of bearer shares

Send an e-mail bearing an electronic signature certified by a legally accredited body to actionnaires.groups@valeo.com. The e-mail must contain the following information:

- Valeo Shareholders’ Meeting of May 23, 2019;
- your surname, first name, address and full bank details;
- the surname, first name and address of your proxy.
You must also ask the financial intermediary handling the management of your share account to send written confirmation to Société Générale, Service des Assemblées, CS 30812, 44308 Nantes Cedex 3, France.

To be valid, confirmation of proxies appointed/revoked must be received by Société Générale by 3:00 p.m. (Paris time) on May 22, 2019.
AGENDA

Agenda for the Ordinary General Shareholders’ Meeting

1. Approval of the parent company financial statements for the financial year ended December 31, 2018;
2. Approval of the consolidated financial statements for the financial year ended December 31, 2018;
3. Allocation of earnings for the financial year ended December 31, 2018 and setting of the dividend;
4. Approval of agreements and undertakings governed by Articles L. 225-38 et seq. of the French Commercial Code;
5. Approval of commitments referred to in Article L. 225-42-1 of the French Commercial Code to which Jacques Aschenbroich is entitled;
6. Renewal of Jacques Aschenbroich’s term of office as director;
7. Appointment of Olivier Piou as director;
8. Appointment of Patrick Sayer as director;
9. Approval of the compensation components paid or allocated to the Chairman and Chief Executive Officer for the financial year ended December 31, 2018;
10. Approval of the compensation policy applicable to the Chairman and Chief Executive Officer;
11. Authorisation for the Board of Directors to carry out transactions in shares issued by the Company, non-applicable during a public tender offer.
Agenda for the Extraordinary General Shareholders’ Meeting

12. Delegation of authority to the Board of Directors to decide to issue, immediately or in the future, shares and/or securities giving access to the Company’s or a subsidiary’s share capital, with maintenance of the shareholders’ preferential subscription right, non-applicable during a public take-over offer;

13. Delegation of authority to the Board of Directors to decide to issue, immediately or in the future, shares and/or securities giving access to the Company’s or a subsidiary’s share capital by way of public offerings, with cancellation of the shareholders’ preferential subscription right, with possible use as consideration for securities contributed to the Company in relation to a public exchange offer initiated by the Company, non-applicable during a public take-over offer;

14. Delegation of authority to the Board of Directors to decide to issue, immediately or in the future, shares and/or securities giving access to the Company’s or a subsidiary’s share capital by private placement, with cancellation of the shareholders’ preferential subscription right, non-applicable during a public take-over offer;

15. Delegation of authority to the Board of Directors to increase the number of securities to be issued in a rights issue with maintenance or cancellation of the shareholders’ preferential subscription right within the framework of options for over-allotment in the event demand exceeds the number of securities offered, non-applicable during a public take-over offer;

16. Delegation of authority to the Board of Directors to increase the share capital by capitalisation of premiums, reserves, profits or other amounts that may be capitalised, non-applicable during a public take-over offer;

17. Delegation of powers to the Board of Directors to proceed, immediately or in the future, with the issue of shares and/or securities giving access to the Company’s share capital to be used as remuneration for contributions in kind granted to the Company, without the shareholders’ preferential subscription right, non-applicable during a public take-over offer;

18. Delegation of authority to the Board of Directors to decide to issue, immediately or in the future, shares and/or securities giving access to the Company’s share capital reserved to members of a savings plan, with cancellation of the shareholders’ preferential subscription right, non-applicable during a public take-over offer;

19. Authorisation for the Board of Directors to award existing shares or issue new shares free of charge to Group employees and corporate officers or a subset thereof, with automatic waiver from the shareholders of their preferential subscription right;

20. Authorisation for the Board of Directors to reduce the share capital by cancelling treasury shares;

21. Amendment of Article 9 of the articles of association – Taking into account assimilation cases for statutory major holding notifications

22. Powers to complete formalities.
Valeo recorded its best results ever in 2017 (excluding the impact of the Valeo Siemens eAutomotive joint venture) and its performance in first-half 2018 was in line with the previous year. Nonetheless, Valeo’s 2018 results were significantly impacted in the second half by worsening market conditions, the implementation of the new WLTP\(^{(1)}\) test cycle for cars in Europe, the sharp slowdown in the Chinese market, the rise in the price of raw materials and the shortage of electronic components.

Our 2018 performance reflects uncertainty in a global automotive market faced with a complex macroeconomic environment and shaped by the revolutions that are well underway, in the form of autonomous and electric vehicles and digital mobility.

With these changes, Valeo is now in a stronger position than ever before. The strength of the Group’s expertise lies in the fact that it brings together know-how in a number of businesses, from powertrains and thermal systems to lighting and sensors. This powerful combination resulted in further commercial successes in 2018, with the order intake exceeding 24 billion euros:

- 53% of the order intake related to innovations\(^{(2)}\), confirming the strategic value of the 2,144 patents filed worldwide and the 2.1 billion euros allocated to R&D;
- a strong positioning in sensor development drove technological progress in driving assistance systems, ADAS and autonomous vehicles;
- our leadership position in powertrain systems for electric and hybrid vehicles was consolidated during the year. Alone or via its joint venture with Siemens, Valeo is the world leader in the low- and high-voltage powertrain systems market.

Once again, these commercial successes were built on the operational excellence achieved by Valeo’s production and logistics teams. The Group’s fundamentals are solid, its strategy is clear and its technology portfolio is unique. By developing technology platforms and increasing its production capacity, the Group has created all of the conditions necessary to fuel its future growth and long-term value creation.

The Group’s full financial and accounting information is presented in Chapter 5 of the 2018 Registration Document, available on www.valeo.com and on the AMF website.

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\(^{(1)}\) WLTP: World Harmonized Light Vehicles Test Procedure.

\(^{(2)}\) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive, FTE automotive and Valeo-Kapec.
2018 consolidated results (condensed)

At its meeting on February 21, 2019, Valeo’s Board of Directors approved the consolidated and parent company financial statements for the year ended December 31, 2018, on which the Statutory Auditors issued an unqualified opinion.

<table>
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<tr>
<th>2018</th>
<th>2017 restated(1)</th>
<th>Change</th>
</tr>
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<tr>
<td>R&amp;D expenditure, net</td>
<td>(in millions of euros)</td>
<td>(1,494)</td>
</tr>
<tr>
<td></td>
<td>(as a % of sales)</td>
<td>-8.1%</td>
</tr>
<tr>
<td>Order intake(2) (excluding Valeo Siemens eAutomotive)</td>
<td>(in billions of euros)</td>
<td>27.6</td>
</tr>
<tr>
<td>Valeo Siemens eAutomotive order intake</td>
<td>(in billions of euros)</td>
<td>6.1</td>
</tr>
<tr>
<td>Sales</td>
<td>(in millions of euros)</td>
<td>18,484</td>
</tr>
<tr>
<td>Original equipment sales</td>
<td>(in millions of euros)</td>
<td>15,695</td>
</tr>
<tr>
<td>Gross margin</td>
<td>(in millions of euros)</td>
<td>3,832</td>
</tr>
<tr>
<td></td>
<td>(as a % of sales)</td>
<td>20.7%</td>
</tr>
<tr>
<td>Operating margin (excluding share in net earnings of equity-accounted companies)</td>
<td>(in millions of euros)</td>
<td>1,448</td>
</tr>
<tr>
<td></td>
<td>(as a % of sales)</td>
<td>7.8%</td>
</tr>
<tr>
<td>Share in net earnings (losses) of equity-accounted companies</td>
<td>20 (111)</td>
<td>N/A</td>
</tr>
<tr>
<td>Operating margin (including share in net earnings of equity-accounted companies)</td>
<td>(in millions of euros)</td>
<td>1,468</td>
</tr>
<tr>
<td></td>
<td>(as a % of sales)</td>
<td>7.9%</td>
</tr>
<tr>
<td>Net attributable income</td>
<td>(in millions of euros)</td>
<td>877</td>
</tr>
<tr>
<td></td>
<td>(as a % of sales)</td>
<td>4.7%</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>(in euros)</td>
<td>3.7</td>
</tr>
<tr>
<td>Net income excluding non-recurring items</td>
<td>(in millions of euros)</td>
<td>1,031</td>
</tr>
<tr>
<td>Basic earnings per share excluding non-recurring items</td>
<td>(in euros)</td>
<td>4.3</td>
</tr>
<tr>
<td>ROE(2)</td>
<td>29</td>
<td>19</td>
</tr>
<tr>
<td>ROA(2)</td>
<td>19</td>
<td>12</td>
</tr>
<tr>
<td>EBITDA(2)</td>
<td>(in millions of euros)</td>
<td>2,431</td>
</tr>
<tr>
<td></td>
<td>(as a % of sales)</td>
<td>13.2%</td>
</tr>
<tr>
<td>Free cash flow(2)</td>
<td>(in millions of euros)</td>
<td>278</td>
</tr>
<tr>
<td>Cash conversion rate(4)</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Net debt(2)</td>
<td>(in millions of euros)</td>
<td>1,842</td>
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(1) The consolidated statement of comprehensive income for full-year 2017 differs from that presented in the 2017 consolidated financial statements published in February 2018 since it has been adjusted to reflect the impacts of retrospectively applying new standards IFRS 9 – “Financial Instruments” and IFRS 15 – “Revenue from Contracts with Customers” as of January 1, 2018 with restatement of comparative periods.

(2) See Financial Glossary, page 15.

(3) Like-for-like (constant Group structure and exchange rates).

(4) Conversion of EBITDA into free cash flow.

Order intake supported by technological innovations

In view of the very strong growth in order intake over the past five years (10% CAGR(5)), which will lead to a profound transformation in its product portfolio, Valeo decided to be more selective in 2018 in order to optimize the development and industrialization of its numerous ongoing projects.

Total order intake for 2018 came out at 28.6 billion euros, or 1.7x original equipment sales, and includes:

- 24.2 billion euros for Valeo, or 1.5x original equipment sales;
- 4.4 billion euros for Valeo Siemens eAutomotive, corresponding to cumulative outstanding order intake of 10.5 billion euros at end-2018.

Order intake (excluding Valeo Siemens eAutomotive) remained well-balanced across the Group’s different regions:

- 41% in Asia;
- 25% in China, of which 44% of orders were booked with local Chinese automakers;
- 43% in Europe (and Africa);
- 14% in North America.

In all, 53% of the order intake related to innovative products(2) (60% including Valeo Siemens eAutomotive), confirming the successful positioning of Valeo’s new technologies and products in the electric, autonomous and connected vehicle segments.

(1) Average annual growth in order intake for the 2013-2018 period.

(2) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive.
Sales growth

Sales for full-year 2018 climbed 6% at constant exchange rates and 1% like for like\(^{(1)}\).

Changes in exchange rates had a negative 2.2% impact over the year, primarily due to the rise in the value of the euro against the US dollar, Chinese renminbi and Brazilian real.

Changes in Group structure had a positive 5.1% impact over the year, following:
- the takeover of Ichikoh, which was fully consolidated in the Group’s financial statements as from February 1, 2017. Ichikoh contributed 100 million euros to consolidated sales in January 2018;
- the acquisition of FTE automotive at end-October 2017, which contributed 429 million euros to consolidated sales from January to end-October 2018;
- the creation of Valeo-Kapec, which is controlled by Valeo and was fully consolidated in the Group’s financial statements as of December 1, 2017. Valeo-Kapec contributed 483 million euros to consolidated sales from January to end-November 2018.

Balanced geographic alignment of Valeo’s businesses

Taking account of the external growth transactions carried out in 2017, the share of original equipment sales in the four main production regions was as follows in 2018:
- a rise of 2 percentage points for Asia, accounting for 32% of original equipment sales;
- a fall of 1 percentage point for Europe, accounting for 46% of original equipment sales;
- a fall of 1 percentage point for North America, accounting for 20% of original equipment sales;
- stable for South America, accounting for 2% of original equipment sales.

Balanced customer portfolio

Taking account of the external growth transactions carried out in 2017, the share of original equipment sales among the Group’s customers was as follows in 2018:
- a rise of 1 percentage point for Asian customers, accounting for 34% of original equipment sales, further to the takeover of Ichikoh as of February 1, 2017 and the creation of Valeo-Kapec, fully consolidated as of December 1, 2017;
- a rise of 1 percentage point for German customers, accounting for 29% of original equipment sales;
- a fall of 1 percentage point for US customers, accounting for 18% of original equipment sales;
- a fall of 1 percentage point for French customers\(^{(2)}\), accounting for 13% of original equipment sales.

Sustained growth in sales by Business Group

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

In 2018, the four Business Groups were impacted, to varying extents depending on their geographic and customer mix, by WLTP in Europe and by the sharp slowdown in the Chinese market.

- Thanks to its original equipment operations, the **Comfort & Driving Assistance Systems Business Group** reported the highest rate of like-for-like growth, outperforming global automotive production by 4 percentage points. The increase was driven by higher content per vehicle (take rates) in the driving assistance business as well as a favorable customer mix in China.
- The **Powertrain Systems Business Group** posted like-for-like growth in line with that of the Group as a whole, outperforming global automotive production by 1 percentage point. The Business Group’s performance was buoyed by the successful integration of FTE automotive and Valeo-Kapec.
- Thanks to a favorable customer and geographic mix and the start of new HVAC (heating, ventilation and air conditioning) contracts in North America, the **Thermal Systems Business Group** reported like-for-like growth and a 2 percentage point outperformance versus global automotive production, coming in ahead of the Group as a whole in both respects.
- The **Visibility Systems Business Group**’s sales grew at a slower pace than the rest of the Group on a like-for-like basis as a result of its broad exposure in Europe to the customers most heavily impacted by WLTP, production start delays in Europe, and an unfavorable customer mix in China. The Business Group’s performance was lifted by the strong growth of Ichikoh in Japan and the ASEAN\(^{(3)}\), further highlighting the company’s successful integration.

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\(^{(1)}\) See Financial Glossary, page 15.
\(^{(2)}\) Including Opel
\(^{(3)}\) ASEAN: Association of Southeast Asian Nations.
Results

Operating margin(1) at 6.3% of sales

Gross margin came out at 3,674 million euros (down 4%), or 19.2% of sales (down 1.5 percentage points), primarily reflecting:
- growth (negative 0.2 percentage point impact; negative 0.5 percentage point impact in the second half) including price and volume effects, affected mainly by WLTP and by the sharp slowdown in the Chinese market;
- the rise in the price of raw materials and electronic components (negative 0.6 percentage point impact; negative 0.8 percentage point impact in the second half), after taking into account increases in sales prices for customers;
- operational efficiency (positive 0.2 percentage point impact; negative 0.3 percentage point impact in the second half, in particular relating to disruptions observed in plants due to market disturbances);
- one-time charges relating to quality risk (negative 0.3 percentage point impact; negative 0.6 percentage point impact in the second half);
- a rise in depreciation relating to the capital investments carried out by the Group over the past few years (negative 0.5 percentage point impact; negative 0.6 percentage point impact in the second half).

Valeo continued its R&D efforts to enhance its product portfolio in order to respond to the twin challenges of powertrain electrification, and autonomous and connected vehicles:
- gross R&D expenditure was up 9% to 2,073 million euros, representing almost 13% of original equipment sales;
- R&D expenditure came in at 1,560 million euros (up 4%), or 8.2% of sales (up 0.1 percentage points on 2017).

General, administrative and selling expenses came out at 4.8% of sales, stable versus 2017, thanks to the cost-cutting program implemented in the second half of the year.

Operating margin excluding share in net earnings of equity-accounted companies came in at 1,203 million euros, or 6.3% of sales, in line with the guidance announced in October and despite the sharper-than-expected downturn in the European (post-WLTP) and Chinese markets as well as the ongoing rise in raw material prices.

The share in net earnings of equity-accounted companies represented a loss of 111 million euros, or a negative 0.6% of sales. This includes, in particular:
- the share of the loss recorded by Valeo Siemens eAutomotive (147 million euros), which is bearing the costs required to set up its organization to accommodate its fast-paced expansion going forward and push ahead with ongoing projects resulting from its cumulative 10.5 billion euro order intake at the end of 2018;
- the contribution of Chinese joint ventures (33 million euros versus 43 million euros in 2017), whose performance was hard hit by the sharp downturn in the Chinese market in the second half of the year.

Operating margin including share in net earnings of equity-accounted companies(2) amounted to 1,092 million euros, or 5.7% of sales, down 26% year on year.

Operating income totaled 1,036 million euros, or 5.4% of sales, down 26% year on year. This takes into account other income and expenses in an aggregate negative amount of 56 million euros, including a loss of 30 million euros relating to the disposal of lighting operations in Argentina.

The cost of net debt totaled 66 million euros, down 12% on 2017.

Other financial items were boosted by the good performance of Group investments in various innovation funds. The effective tax rate came out at 28.7%.

Non-controlling interests stood at 96 million euros, up 22% on 2017 following the creation of Valeo-Kapec (controlled by Valeo and fully consolidated in the Group’s financial statements with effect from December 1, 2017).

Net attributable income amounted to 546 million euros, or 2.9% of sales, down 38% on 2017.

Return on capital employed (ROCE(2)) and (ROA(2)) stood at 19% and 12%, respectively.

EBITDA(2) by Business Group

In 2018, EBITDA(2) came in at 2,410 million euros, or 12.6% of sales, down 1% versus 2017.

Despite a challenging environment in the second half of the year (WLTP in Europe and a market downturn in China), all Business Groups performed in line with their 2017 showing except:
- Thermal Systems, following the recognition of a non-recurring expense in respect of a quality risk; and
- Visibility Systems, which was held back by its broad exposure in Europe to the customers most heavily impacted by WLTP, production start delays (mainly in Europe) and an unfavorable customer mix in China.

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(1) Excluding share in net earnings of equity-accounted companies.
(2) See Financial Glossary, page 15.
Cash flow and financial position

The Group generated free cash flow\(^{(1)}\) of 161 million euros in 2018, chiefly reflecting:

- EBITDA\(^{(1)}\) of 2,410 million euros, or 12.6% of sales;
- a positive 87 million euro impact on free cash flow generation of the change in working capital, owing to the as-expected reversal in this item’s contribution to free cash flow in the second half for 228 million euros;
- investment outflows of 2,025 million euros.

Accordingly the cash conversion rate\(^{(1)}\) was 7%.

In 2018, net cash flow\(^{(1)}\) amounted to a negative 598 million euros and included:

- 58 million euros in net financial expenses paid; and
- other financial items totaling 701 million euros, including a 324 million euro outflow relating to dividend payments and a 118 million euro outflow in connection with the share buyback program.

\(^{(1)}\) See Financial Glossary, page 15.

Net debt\(^{(1)}\) stood at 2,248 million euros at December 31, 2018, up 406 million euros compared with end-December 2017, after taking into account dividend payments and the share buyback program.

The leverage ratio \((\text{net debt}^{(1)}/\text{EBITDA})\) came out at 0.93x EBITDA (covenant: 3.25x EBITDA), while the gearing ratio \((\text{net debt}/\text{stockholders’ equity excluding non-controlling interests})\) stood at 49% of equity.

The average maturity of gross long-term debt stood at 4.6 years at December 31, 2018, compared with 4.8 years at December 31, 2017.

Following the application of IFRS 16 as of January 1, 2019, the Group’s debt is expected to increase by between 440 million euros and 480 million euros.

2018 highlights

- Strategic partnerships signed with Baidu (autonomous vehicles), Docomo (connected vehicles) and WABCO (passenger vehicles).
- Biggest filer of patents with the Institut national de la propriété intellectuelle in France for the second year running (1,355 patents published).
- Presentation of the world’s first all-electric urban prototype powered by a low-voltage 48V motor.
- World’s first test of an autonomous vehicle, in the streets of Paris, fitted exclusively with series-produced sensors.
- Valeo awarded the CAC Large 60 Grand Prix for Transparency.
- Valeo ranked third in Corporate Knights’ list of the world’s 100 most sustainable companies in 2018, and first in the automotive industry.

Subsequent events

On February 26, 2019, Standard & Poor’s maintained its “BBB/A-2” long-term and short-term corporate credit ratings for Valeo and revised its outlook from stable to negative.

On March 22, 2019, Moody’s downgraded its long-term and short-term corporate credit ratings for Valeo from Baa2/P-2 to Baa3/P-3, with a stable outlook.

On March 22, 2019, Valeo terminated the liquidity agreement entered into with Kepler Cheuvreux on April 22, 2004, replacing it with a new agreement with Rothschild Martin Maurel.

Outlook

2019 outlook

In a context of:

- volatile global automotive production (estimated growth of between 0% and -1% over the year compared with 2018) with a decline in the first half due to the economic environment in China, and an improvement in the second half;
- uncertainty regarding the price of raw materials and electronic components.

The Valeo Group has set the following objectives:

- a stronger market outperformance than in second-half 2018, increasing gradually during the year thanks to the start of production on new contracts, particularly in the camera, electrical and transmission systems, and lighting segments;
- roll-out of a new program to reduce costs by more than 100 million euros and capital expenditure by more than 100 million euros;
EBITDA growth (in value terms);
higher free cash flow generation than in 2018;
operating margin excluding share in net earnings of equity-accounted companies (as a % of sales) of between 5.8% and 6.5%, depending on the trends in automotive production and in the price of raw materials and electronic components;
a “share in net earnings of equity-accounted companies” line which, as announced, is expected to have a similar impact on Valeo’s 2019 statement of income as it did in 2018.

Medium-term outlook

The trends in the automotive market and in raw material prices in 2018 and the projections for 2019 lead us to revise the assumptions used to determine our medium-term outlook, as presented at our Investor Day in February 2017. The Group will publish its new medium-term objectives during the Investor Day to be held before the end of the year.

Dividend increase for 2018

At the next Shareholders’ Meeting, Valeo’s Board of Directors will ask shareholders to vote on the payment of a dividend of 1.25 euros per share in respect of 2018, representing a payout ratio of 54%.

Financial Glossary

Free cash flow corresponds to net cash from operating activities (excluding the change in non-recurring sales of receivables) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.

Net cash flow corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments and to changes in certain items shown in non-current financial assets, (ii) cash flows in respect of financing activities, relating to dividends paid, treasury share purchases and sales, interest paid and received, and acquisitions of equity interests without a change in control, and (iii) changes in non-recurring sales of receivables.

EBITDA corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in the operating margin) and the impact of government subsidies and grants on non-current assets, and (ii) net dividends from equity-accounted companies.

Net debt comprises all long-term debt, liabilities associated with put options granted to holders of non-controlling interests, short-term debt and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents and the fair value of derivative instruments hedging the foreign currency and interest rate risks associated with these items.

Operating margin including share in net earnings of equity-accounted companies corresponds to operating income before other income and expenses.

Like for like (or LFL): the currency impact is calculated by multiplying sales for the current period by the exchange rate for the previous period. The Group structure impact is calculated by (i) eliminating, for the current period, sales of companies acquired during the period, (ii) adding to the previous period full-year sales of companies acquired in the previous period, and (iii) eliminating, for the current period and for the comparable period, sales of companies sold during the current or comparable period.

Order intake: corresponds to business awarded by automakers during the period (including joint ventures accounted for based on Valeo’s share in net equity) less any cancellations, based on Valeo’s best reasonable estimates in terms of volumes, selling prices and project lifespans.

Net attributable income excluding non-recurring items corresponds to net attributable income adjusted for “other income and expenses” net of tax and non-recurring income and expenses net of tax shown in operating margin including share in net earnings of equity-accounted companies.

ROA or return on assets corresponds to operating income divided by capital employed (including investments in equity-accounted companies) including goodwill.

ROCE, or return on capital employed, corresponds to operating margin (including share in net earnings of equity-accounted companies) divided by capital employed (including investments in equity-accounted companies), excluding goodwill.
Financial performance

SALES*

BY DISTRIBUTION NETWORK
In billions of euros and as a % of sales

16% Aftermarket
84% Original equipment

BY BUSINESS GROUP
In billions of euros and as a % of sales

19.1

18.5

WORLD

0% OE sales

Outperformance +1.5 pts
OE sales 0%

NORTH AMERICA
20% of sales

Outperformance +3 pts
OE sales +2%

EUROPE (including Africa)
46% of sales

Outperformance +1 pt
OE sales 0%

SOUTH AMERICA
2% of sales

Outperformance +12 pts
OE sales +15%

CHINA
13% of sales

Outperformance -3 pts
OE sales -8%

ASIA excluding China
(excl. the Middle East and Oceania)
19% of sales

Outperformance +5 pts
OE sales +6%

Notice for the sake of consistency in our financial communications, the sales figures and outperformance information presented above have been determined using the same accounting principles as in 2017 (i.e., before the application of IFRS 15).

See financial glossary, page 46. Changes in exchange rates and Group structure during the year are described in Chapter 5 of the 2018 Registration Document, section 5.1.1 “Sales growth”, page 270.
**Notice of meeting Valeo — 2019**

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**ORDER INTAKE**
In billions of euros and weighting of innovative products and systems

- **2017**
  - 27.6 (50%)
  - 24.2 (53%)

- **2018**
  - 6.1

Cumulative 10.5 billion euros at end-2018 for Valeo Siemens eAutomotive joint venture

---

**OPERATING MARGIN**
In millions of euros and as a % of sales

- **2017**
  - 1,448 (7.8%)

- **2018**
  - 1,203 (6.3%)

---

**FREE CASH FLOW**
In millions of euros

- **2017**
  - 278

- **2018**
  - 161

---

**ROCE**
(return on capital employed)
As a %

- **2017**
  - 29

- **2018**
  - 19

---

**ROA**
(return on assets)
As a %

- **2017**
  - 19

- **2018**
  - 12

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**FOR MORE INFORMATION**

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NB: 2017 data differ from the data presented in the 2017 consolidated financial statements published in February 2018 since they have been adjusted to reflect the impact of retrospectively applying IFRS 15 and IFRS 9.
Sustainable development performance (1)

FROM MEGATRENDS TO INNOVATION

GROSS RESEARCH AND DEVELOPMENT EXPENDITURE

In millions of euros and as a % of original equipment sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1,596</td>
<td>1,895</td>
<td>2,073</td>
</tr>
<tr>
<td>% change</td>
<td>11.1%</td>
<td>11.8%</td>
<td>13.0%</td>
</tr>
</tbody>
</table>

ORIGINAL EQUIPMENT SALES DERIVED FROM PRODUCTS CONTRIBUTING TO THE REDUCTION OF CO2 EMISSIONS

% of total 2018 original equipment sales, by Business Group, derived from products that contribute to CO2 emissions reduction

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

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

KEY FIGURES IN 2018

19,800 Research and Development employees
+11% compared to 2017

1,151 Experts
+38% since 2014, when the network was first created

2,144 patents filed in 2018
+100 approximate increase in patents filed compared to 2017

GOVERNANCE

97% average attendance rate at Board of Directors meetings
92% of directors are independent*
42% of the Board of Directors’ members are women**
99.89% of people concerned by the fight against corruption were trained
82% of sites have partnerships with the world of higher education

SOCIAL FOOTPRINT

* In accordance with the AFEP-MEDEF Code, this figure does not include the director representing employees.
** In accordance with decree No. 2017-1781 of December 27, 2017 on equal access for women and men to the Boards of Directors of companies and organizations, this percentage excludes the director representing employees.

(1) The performance chart presented in section “Sustainable growth” on page 27 of this report summarizes the group’s sustainable development performance.
**Environmental Eco-Efficiency**

**Total Direct (Scope 1) and Indirect (Scope 2) Emissions as a % of Sales (tCO₂/€M)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Direct</td>
<td>56.6</td>
<td>55.6</td>
<td>59.2</td>
</tr>
<tr>
<td>Total Indirect</td>
<td>17.0</td>
<td>16.6</td>
<td>16.2</td>
</tr>
</tbody>
</table>

**VALEO AND ITS EMPLOYEES**

**Frequency Rate of Occupational Accidents**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>FR1</td>
<td>2.3</td>
<td>2.0</td>
<td>2.1</td>
</tr>
</tbody>
</table>

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

**Average Hours of Training per Employee**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours</td>
<td>21.7</td>
<td>23.6</td>
<td>24.6</td>
</tr>
</tbody>
</table>

*This ratio corresponds to all employees trained during the year (including those no longer in the Group)/total headcount at end-December of the year in question.

**Global Top Employer 2019**

For the 5th year running

**2,376** employees with disabilities

+35% compared to 2017

**572** collective bargaining agreements in force in 2018
THE BOARD OF DIRECTORS
DURING THE YEAR ENDING
DECEMBER 31 2018

Operation and summary of the composition of the Board of Directors at December 31, 2018

Operation of the Board of Directors

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

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

The Board of Directors’ 13 members at December 31, 2018 have different backgrounds and enable the Group to benefit from their experience and skills in a variety of fields relating to economics, manufacturing and finance. Currently, 42% of the Board’s members are women and 69% are under 70 and, except for the director representing the employees, who is not included in the calculation, all of them except the Chairman and Chief Executive Officer are considered independent according to the criteria set out in both the Internal Procedures and the AFEP-MEDEF Code to which Valeo refers.

Georges Pauget, an independent director, is Lead Director and Chairman of the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee, and a member of the Strategy Committee.

A process is carried out every year to assess the Board of Directors, and its operating procedures, composition and organization. The Board decided to appoint an outside firm to conduct the 2018 assessment. The assessment was conducted by the specialized consulting firm between the end of 2018 and beginning of 2019 through individual interviews with all the directors based on an interview guide that was reviewed and approved by the Lead Director and the Secretary of the Board of Directors. The consulting firm noted that Valeo’s governance had continued to improve and gain in strength since the previous assessment, thanks to a balanced governance structure, as a result of the role fully assumed by the Lead Director, the renewal of directorships, which was prepared and anticipated sufficiently in advance, and the transparency of management in its relations with the Board during Board meetings, committee meetings and the strategy seminar. One of the main areas of satisfaction is the unified governance adapted to the Company’s situation, characterized in particular by:

- an effective dynamic between the Chairman and Chief Executive Officer, who is transparent and attentive to the Board of Directors’ work, and the Board of Directors, which is particularly involved and committed to contributing effectively to the Group’s performance by providing quality information and engaging in active debate;
- the Board of Directors’ full confidence in the Chairman and Chief Executive Officer. Under his chairmanship, the Board of Directors works in a spirit of cooperation and collegiality, and its members feel genuinely invested;
- a Lead Director who contributes effectively to the sound balance and operation of the Group’s governance and exercises his duties with great care and attention. The Lead Director plays a key, stabilizing role in the Group’s governance by liaising with the directors. He acts as an effective sparring partner to the Chairman and Chief Executive Officer, coordinates the independent directors and ensures balanced governance for the markets.

Based on the results of the assessment, the directors drew up a list of certain particular items that should be addressed by the Board of Directors. The specialized consulting firm also assessed each director’s individual contribution to the Board of Directors’ work. The Lead Director then met with each director to discuss the outcome of the assessment.

As is the case every year, the annual strategy seminar, which was held in Prague, Czech Republic, was considered a key moment for the Board of Directors, in view of the quality of its organization and the issues covered. The seminar was an opportunity for the Board of Directors to have direct contact with the Group’s management and operations over three days, enabling it to further grasp the Group’s strategic challenges.

(1) In accordance with Article L 225-27-1, II of the French Commercial Code, this percentage does not include the director representing employees.
(2) For more information, see section “Independence of directors”, page 109 to 111 of the 2018 Registration Document.
Composition of the Board of Directors as at December 31, 2018

<table>
<thead>
<tr>
<th>Personal Information</th>
<th>Experience</th>
<th>Position on the Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Gender</td>
<td>Nationality</td>
</tr>
<tr>
<td>Jacques Aschenbroich</td>
<td>64 M</td>
<td>FR</td>
</tr>
<tr>
<td>Bruno Bézard</td>
<td>55 M</td>
<td>FR</td>
</tr>
<tr>
<td>Éric Chauvirey</td>
<td>44 M</td>
<td>FR</td>
</tr>
<tr>
<td>Pascal Colombani</td>
<td>73 M</td>
<td>FR</td>
</tr>
<tr>
<td>C. Maury Devine</td>
<td>67 F</td>
<td>AU</td>
</tr>
<tr>
<td>Michel de Fabiani</td>
<td>73 M</td>
<td>FR</td>
</tr>
<tr>
<td>Mari-Noëlle Jégo-Laveissière</td>
<td>50 F</td>
<td>FR</td>
</tr>
<tr>
<td>Noëlle Lenoir</td>
<td>70 F</td>
<td>FR</td>
</tr>
<tr>
<td>Gilles Michel</td>
<td>62 M</td>
<td>FR</td>
</tr>
<tr>
<td>Thierry Moulonquet</td>
<td>67 M</td>
<td>FR</td>
</tr>
<tr>
<td>Georges Paquet</td>
<td>71 M</td>
<td>FR</td>
</tr>
<tr>
<td>Ulrike Steinhorst</td>
<td>67 F</td>
<td>DE</td>
</tr>
<tr>
<td>Véronique Weill</td>
<td>59 F</td>
<td>FR</td>
</tr>
</tbody>
</table>

NATIONALITIES

- French
- American
- German

<sup>1</sup>N/A = Not applicable.

<sup>(1)</sup> Except for the directorship in the Company.

<sup>(2)</sup> At the Shareholders’ Meeting on May 23, 2019, shareholders will be asked to approve the reappointment of Jacques Aschenbroich as a director. The Board of Directors has decided that, subject to Jacques Aschenbroich’s reappointment as a director, it will reappoint him as Chairman and Chief Executive Officer at the meeting to be held immediately after the Shareholders’ Meeting. During the first two years of his new term as Chairman and Chief Executive Officer, the offices of Chairman of the Board of Directors and Chief Executive Officer will be separated.

<sup>(3)</sup> ARC = Audit & Risks Committee, GACSRC = Governance, Appointments & Corporate Social Responsibility Committee, CC = Compensation Committee, SC = Strategy Committee.

<sup>(4)</sup> In accordance with the law, the articles of association and the Internal Procedures, the director representing employees is not required to hold 1,500 shares.

<sup>(5)</sup> The director representing employees does not count, in accordance with the recommendation in Article 8.3 of the AFEP-MEDEF Code.

<sup>(6)</sup> Pascal Colombani does not intend to stand for reappointment at the Shareholders’ Meeting on May 23, 2019.

<sup>(7)</sup> Pascal Colombani was first appointed as a director on May 21, 2007 and will therefore have served for 12 years on May 21, 2019.

<sup>(8)</sup> Michel de Fabiani does not intend to stand for reappointment at the Shareholders’ Meeting on May 23, 2019.

<sup>(9)</sup> Georges Paquet was first appointed as director on April 10, 2007 and will therefore have served for 12 years on April 10, 2019. For a description of the review of his independence after April 10, 2019, see paragraph “Director independence review upon preparation of the Corporate Governance Report” of the 2018 Registration Document, Chapter 3, section 3.2.1 “Composition of the Board of Directors”, pages 109 to 111.

FOR MORE INFORMATION

The changes in the composition of the Board of Directors and Board committees in 2018 are shown in the table below:

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Departures</th>
<th>Appointment</th>
<th>Reappointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance, Appointments &amp; Corporate Social Responsibility Committee</td>
<td>N/A</td>
<td>Gilles Michel(^{(3)}) (July 25, 2018)</td>
<td>N/A</td>
</tr>
<tr>
<td>Compensation Committee</td>
<td>N/A</td>
<td>Gilles Michel(^{(3)}) (July 25, 2018)</td>
<td>N/A</td>
</tr>
<tr>
<td>Audit &amp; Risks Committee</td>
<td>Daniel Camus(^{(1)}) (Chairman) (May 23, 2018)</td>
<td>Thierry Moulounguet(^{(4)}) (Chairman) (May 23, 2018) Véronique Weill(^{(3)}) (July 25, 2018)</td>
<td>N/A</td>
</tr>
<tr>
<td>Strategy Committee</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

N/A: Not applicable.

\(^{(1)}\) Until the end of his term on May 23, 2018.

\(^{(2)}\) At the Shareholders’ Meeting on May 23, 2018. Gilles Michel brings the Board of Directors the benefit of his expertise in the automotive sector and his experience as an executive corporate officer. The reappointment of Noëlle Lenoir is a valuable asset to the Board of Directors thanks to her considerable legal experience in European regulations, competition law and compliance. The reappointment of Bruno Bézard brings the Board of Directors the benefit of his experience in the most prestigious roles in the French civil service, spanning the economic, industrial and financial spheres, as well as in the private equity world, and his extensive knowledge of China.

\(^{(3)}\) Decision of the Board of Directors on July 25, 2018, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee.

\(^{(4)}\) Decision of the Board of Directors on April 25, 2018, on the recommendation of the Governance, Appointments & Corporate Social Responsibility Committee, effective as of May 23, 2018, the date on which Daniel Camus stood down. Thierry Moulounguet was already a member of the Audit & Risks Committee before being appointed Chairman.
Presentation of directors in 2018

(Information updated at December 31, 2018)

JACQUES ASCHENBROICH
Chairman and Chief Executive Officer

French
Age: 64

Valeo
43, rue Bayen,
75017 Paris, France

First appointed: 03/20/2009
Start of current term of office: 05/26/2015
End of current term of office: Shareholders’ Meeting called to approve the 2018 financial statements
Number of shares held: 832,833
Membership of Board committees: –

Main position held outside the Company

Director (various companies)

Directorships and other offices currently held

Directorships and other offices within the Group

Directorships and other offices held outside the Group

Chairman of the Board of Directors, École nationale supérieure des Mines ParisTech
Director, Veolia Environnement (Chairman of the Research, Innovation and Sustainability Committee and member of the Accounts and Audit Committee) and BNP Paribas (member of the Accounts Committee)
Co-President of the Franco-Japanese Business Club

Directorships and other offices held within the past five years

Director, Valeo Service España, SA (Spain)
Chairman, Valeo Finance, Valeo SpA (Italy), Valeo (UK) Limited (United Kingdom)

Summary of main areas of expertise and experience

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

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

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

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

◆ Listed company (for directorships and positions currently held)
THE BOARD OF DIRECTORS DURING THE YEAR ENDING DECEMBER 31 2018

BRUNO BÉZARD
Independent director

French
Age: 55
74, rue du Cardinal Lemoine, 75005 Paris, France

First appointed: 10/24/2017
Start of current term of office: 05/23/2018
End of current term of office: Shareholders’ Meeting called to approve the 2021 financial statements
Number of shares held: 1,500
Membership of Board committees: –

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

Directorships and other offices currently held
Directorships and other offices within the Group
- 
Directorships and other offices held outside the Group
- 
Directorships and other offices held within the past five years
- Director, EDF, SNCF, Areva, La Poste, Thales, Air France, Engie, PSA and Fonds Stratégique d’Investissement (FSI)

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

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

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

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

He is a French citizen and speaks French, English, Chinese and Russian.
DANIEL CAMUS
Independent director (until May 23, 2018)

French and Canadian
Age: 66
745 Upper-Belmont, H3Y 1K3
Westmount (P.Q.), Canada

First appointed: 05/17/2006
Start of current term of office: 05/21/2014
End of current term of office: Shareholders’ Meeting held to approve the 2017 financial statements
Number of shares held: 2,200
Membership of Board committees:
- Audit & Risks Committee (Chairman) (until May 23, 2018)

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

Directorships and other offices currently held

Directorships and other offices within the Group

Directorships and other offices held outside the Group
- Senior Advisor, Roland Berger Strategy Consultants (Germany)
- Member of the Supervisory Board (until July 2018), SGL Group SE (Germany) (Chairman of the Governance and Ethics Committee and member of the Strategy Committee)
- Director, Caneco Corp. (Canada) (member of the Audit and Compensation Committee) and ContourGlobal Plc (United Kingdom) (Chairman of the Compensation Committee and member of the Audit Committee)

Directorships and other offices held within the past five years
- Member of the Supervisory Board, Morphosys AG (Germany) and Vivendi SA
- Chief Financial Officer of The Global Fund

Summary of main areas of expertise and experience

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

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

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

- Listed company (for directorships and positions currently held)
ÉRIC CHAUVIREY
Director representing employees

French
Age: 44
11, allée des Saules, 95250 Beauchamp, France

First appointed by the Group Works Council: 06/30/2017
Start of current term of office: 06/30/2017
End of current term of office: 06/30/2021

Number of shares held: in accordance with the law, the articles of association and the Internal Procedures, the director representing employees is not required to hold 1,500 shares

Membership of Board committees:
- Compensation Committee

Main position held outside the Company

Directorships and other offices currently held

Directorships and other offices within the Group
- R&D Knowledge Manager Special Projects in the Group.

Directorships and other offices held outside the Group

Directorships and other offices held within the past five years

Summary of main areas of expertise and experience

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

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

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

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

Éric Chauvirey holds an engineering degree in Industrial Design and Production from the ESCP-E. He is a French citizen and speaks French and English.
PASCAL COLOMBANI
Independent director – Honorary Chairman

French
Age: 73

Valeo
43, rue Bayen,
75017 Paris, France

First appointed: 05/21/2007
Start of current term of office: 05/26/2015
End of directorship: Shareholders’ Meeting called to approve the 2018 financial statements
Number of shares held: 1,800
Membership of Board committees:
- Governance, Appointments & Corporate Social Responsibility Committee
- Compensation Committee
- Strategy Committee

Main position held outside the Company
- Chairman, TII Stratégies SASU
- Senior Advisor, J.P. Morgan Chase (United States) and A.T. Kearney Paris and Truffle Venture
- Director, TechnipFMC (United Kingdom) (member of the Strategy Committee and the Appointments and Governance Committee) and Noordzee Helikopters Vlaanderen (N.H.V) (Belgium) (Chairman of the Audit Committee and member of the Compensation Committee)
- Member of the Supervisory Committee, SIACI Saint-Honoré (Chairman of the Audit Committee)

Directorships and other offices currently held

Directorships and other offices within the Group

Directorships and other offices held outside the Group
- Director, Agence Nationale de la Recherche, Sorbonne University, and Institut de physique du globe de Paris
- Member of the European Advisory Board, J.P. Morgan Chase (United States)
- Member, French Academy of Technology (Académie des Technologies)
- Vice-President, Conseil Stratégique de la Recherche (a research advisory board set up by the French government – CSR)
- Consultant, French Ministry of Foreign Affairs

Directorships and other offices held within the past five years
- Director, Alstom SA, Technip SA and Energy Solutions Inc. (United States)
- Member, AFEP-MEDEF High Committee on Corporate Governance (Haut Comité de Gouvernement d’Entreprise AFEP-MEDEF)
- Chairman of the Board of Directors, N.H.V (Belgium)

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

Pascal Colombani spent close to 20 years (1978-1997) at Schlumberger in various management positions, in Europe and in the United States, before becoming Chairman of its Japanese subsidiary in Tokyo. Between 1997 and 1999, he was the Director of Technology at the French Ministry for Research. In January 2000, he was appointed Managing Director of the French Alternative Energies and Atomic Energy Commission (Commissariat à l’Énergie Atomique – CEA), a post that he held until December 2002. The instigator of the restructuring of CEA’s industrial holdings and of the creation of Areva in 2000, he chaired the Supervisory Board of Areva until May 2003. On March 20, 2009, Pascal Colombani was appointed Chairman of the Board of Directors, a position he held until February 18, 2016. He served as a director at Energy Solutions Inc. until 2013, member of the AFEP-MEDEF High Committee on Corporate Governance until November 24, 2016, Chairman of the Board of Directors of N.H.V (Belgium) until December 9, 2016, director at Technip SA until January 16, 2017 and director at Alstom until March 17, 2017.

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

Pascal Colombani is a graduate of École normale supérieure de Saint-Cloud, is an associate professor in sciences (agrégé de physique) and has a doctorate in physics. He is a French citizen and speaks French and English.
- Listed company (for directorships and positions currently held).
C. MAURY DEVINE
Independent director

American
Age: 67

1219 35th street NW
Washington DC 20007,
United States

First appointed: 04/23/2015
Start of current term of office: 05/23/2017
End of current term of office: Shareholders’ Meeting
called to approve the 2020 financial statements
Number of shares held: 3,500
Membership of Board committees:
- Governance, Appointments & Corporate Social
  Responsibility Committee
- Compensation Committee

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

Directorships and other offices currently held

Directorships and other offices within the Group

Directorships and other offices held outside the Group
- Director, John Bean Technologies (United States) ♦ (member of the independent Nominating and Governance Committee and member of the Audit Committee), Georgetown Visitation Preparatory School (United States) (Chair of the Audit Committee and member of the Executive Committee) and ConocoPhillips (United States) ♦ (member of the Audit Committee and the Public Policy Committee)
- Member of the independent Nominating and Governance Committee, Petroleum Geo-Services (Norway) ♦

Directorships and other offices held within the past five years
- Chair of the Nominating and Governance Committee, John Bean Technologies (United States)
- Director, FMC Technologies (United States) and Technip SA (where she was Lead Director)

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

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

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

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

She is an American citizen and speaks French and English.

♦ Listed company (for directorships and positions currently held).
THE BOARD OF DIRECTORS DURING THE YEAR ENDING DECEMBER 31, 2018

MICHEL DE FABIANI
Independent director

French
Age: 73

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

First appointed: 10/20/2009
Start of current term of office: 05/26/2015
End of current term of office: Shareholders’ Meeting called to approve the 2018 financial statements
Number of shares held: 1,500
Membership of Board committees:
- Audit & Risks Committee
- Compensation Committee
- Governance, Appointments & Corporate Social Responsibility Committee

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

Directorships and other offices currently held

Directorships and other offices within the Group

Directorships and other offices held outside the Group
- Director, BP France and EB Trans SA (Luxembourg)
- Member of the Supervisory Board, Valco Group
- Chairman of the Board of Directors, British Hertford Hospital Corporation
- Founding Chairman, Cercle économique Sully (a think tank) and Association for the Promotion of Ecological Vehicles (Association pour la promotion des véhicules écologiques)
- Director, Œuvre du Perpétuel Secours (a non-profit association)

Directorships and other offices held within the past five years
- Director, Rhodia group, Star Oil Mali (Mali) and SEMS (Morocco)
- Member of the Supervisory Board, Vallourec

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

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

He has also served as a director of Rhodia and a member of the Supervisory Board of Vallourec.
Michel de Fabiani is a graduate of HEC business school in Paris.
He is a French citizen and speaks French, English, Italian, German and Spanish.
MARI-NOËLLE JÉGO-LAVEISSIÈRE
Independent director

French
Age: 50

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

First appointed: 05/26/2016
Start of current term of office: 05/23/2017
End of current term of office: Shareholders’ Meeting called to approve the 2020 financial statements
Number of shares held: 1,500
Membership of Board committees:
- Audit & Risks Committee

Main position held outside the Company
- Deputy Chief Executive Officer, Technology & Global Innovation, Orange

Directorships and other offices currently held

Directorships and other offices within the Group
-  

Directorships and other offices held outside the Group
- Director, Engie (member of the Ethics, Environment and Sustainable Development Committee), Orange Romania (Romania) and BuyIn SA
- Chair of the Board of Directors, Soft@Home and Viaccess SA

Directorships and other offices held within the past five years
-  

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

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

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

She is a French citizen and speaks French and English.

Listed company (for directorships and positions currently held).
NOËLLE LENOIR
Independent director

French
Age: 70

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

First appointed: 06/03/2010
Start of current term of office: 05/23/2018
End of current term of office: Shareholders’ Meeting called to approve the 2021 financial statements
Number of shares held: 3,000
Membership of Board committees:
- Audit & Risks Committee

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

Directorships and other offices currently held

Directorships and other offices within the Group

Directorships and other offices held outside the Group
- Honorary member of the Conseil d’État (France’s highest administrative court) and the French Constitutional Council (Conseil constitutionnel)
- President, HEC Europe Institute (Institut de l’Europe de l’École des Hautes Études Commerciales)
- Adjunct Professor, HEC business school in Paris (HEC)
- Member of the French Technology Academy (Académie des Technologies) and the American Law Institute
- Member of the bureau, French Association of Constitutionalists (Association française des constitutionnalistes)
- Member of the International Committee of the French Institute of Directors (IFA)
- Founding Chair, Cercle des Européens and Association des amis d’Honoré Daumier
- Chair of the Ethics Committee, Radio France (until June 2018)
- Chair of the Scientific and Ethics Council, Parcursup
- Chair of the Committee for the Attractiveness of the Paris Legal Marketplace (Comité Attractivité de la Place Juridique de Paris)
- Vice-President of the International Chamber of Commerce (French section)
- Director, Compagnie des Alpes (member of the Appointments and Compensation Committee, member of the Strategy Committee) (until October 2018) and Cluster Maritime Français

Directorships and other offices held within the past five years
- Director, Generali France
- Ethics Officer at the French National Assembly
- Director, Comparative Law Society (Société de Législation Comparée)

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

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

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

Listed company (for directorships and positions currently held)
GILLES MICHEL
Independent director

French
Age: 62
43, rue Bayen
75017 Paris, France

First appointed: 05/23/2018
Start of current term of office: 05/23/2018
End of current term of office: Shareholders’ Meeting called to approve the 2021 financial statements
Number of shares held: 1,500
Membership of Board committees:
- Governance, Appointments & Corporate Social Responsibility Committee (since July 25, 2018)
- Compensation Committee (since July 25, 2018)

Main position held outside the Company
- Chairman of the Board of Directors, Imerys (and member of the Strategy Committee)

Directorships and other offices currently held

Directorships and other offices within the Group

Directorships and other offices held outside the Group
- Chairman and Chief Executive Officer, Imerys (until May 4, 2018)
- Director, Charles Telfair Institute (Mauritius), IBL Ltd (Mauritius) (Chairman of the Governance Committee, member of the Strategy Committee) and Solvay (Belgium) (member of the Finance Committee, member of the Appointments Committee and member of the Compensation Committee)

Directorships and other offices held within the past five years

Summary of main areas of expertise and experience

Gilles Michel is currently Chairman of the Board of Directors of Imerys and was Chairman and Chief Executive Officer from April 28, 2011 to May 4, 2018. He has extensive experience in the automotive industry, having spent a number of years in senior management positions at PSA Peugeot Citroën, where he was brand manager for Citroën and Management Board member of Peugeot SA.

He began his career at ENSAE, before moving to the World Bank in Washington DC. He joined Saint Gobain in 1986, where he spent 16 years in various senior management roles, mainly in the United States, before being appointed Chairman of the Ceramics & Plastics division in 2000.
He joined PSA Peugeot Citroën in 2001 as Executive Vice-President of Platforms, Technical Affairs and Purchasing, before becoming brand manager for Citroën and a member of the Peugeot SA Managing Board. From December 1, 2008, Gilles Michel served as Chief Executive Officer of Fonds Stratégique d’Investissement (FSI), where he was responsible for equity investments in companies offering growth and competitiveness for the French economy.

Since April 4, 2018, he has been Chairman of the Board of Directors of Imerys, where he was previously director and Deputy Chief Executive Officer from November 3, 2010 and then Chairman and Chief Executive Officer from April 28, 2011.
He is a graduate of the École Polytechnique, ENSAE and the Institut d’études politiques de Paris (IEP).
He is a French citizen and speaks French and English.

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

Independent director

French
Age: 67

Fimalac
97, rue de Lille,
75007 Paris, France

Main position held outside the Company

- Director (various companies)

Directorships and other offices currently held

Directorships and other offices within the Group

- 

Directorships and other offices held outside the Group

- Independent director, Fimalac SA (member of the Remunerations Committee), Fimalac Développement (Luxembourg), Lucien Barrière group (Chairman of the Audit and Risk Committee and member of the Strategy Committee and Compensation Committee), HSBC France (Chairman of the Audit Committee), HSBC Europe (United Kingdom) (Chairman of the Audit Committee) (until September 5, 2018) and Prodways Group (until May 2018)
- Chairman of the Supervisory Board, Webedia (Fimalac group) (Chairman of the Audit and Risks Committee)

Directorships and other offices held within the past five years

- 

Summary of main areas of expertise and experience

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

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

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

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

He is a French citizen and speaks French and English.

First appointed: 06/08/2011
Start of current term of office: 05/26/2016
End of current term of office: Shareholders’ Meeting called to approve the 2019 financial statements
Number of shares held: 1,500
Membership of Board committees:
- Audit & Risks Committee (Chairman since May 23, 2018)
- Strategy Committee

Listed company (for directorships and positions currently held).
GEORGES PAUGET
Independent director
Lead Director

French
Age: 71

Rue Almirante Pessanha 16
2DTO – 1200-022 Lisbon,
Portugal

First appointed: 04/10/2007
Start of current term of office: 05/26/2016
End of current term of office: Shareholders’ Meeting called to approve the 2019 financial statements
Number of shares held: 1,500
Membership of Board committees:
- Governance, Appointments & Corporate Social Responsibility Committee (Chairman)
- Compensation Committee (Chairman)
- Strategy Committee

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

Directorships and other offices currently held

Directorships and other offices within the Group

Directorships and other offices held outside the Group
- Honorary Chairman, LCL – Le Crédit Lyonnais
- Member of the Supervisory Board, Eurazeo (member of the Appointment and Compensation Committee and the Audit Committee)
- Vice-President, Club Med (Chairman of the Audit Committee)

Directorships and other offices held within the past five years
- Chairman, Économie Finance et Stratégie SAS
- Director, Tikehau and Dalenys (member of the Audit Committee and the Compensation Committee)

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

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

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

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

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

Ne of meeting Valeo — 2019
ULRIKE STEINHORST
Independent director

German
Age: 67
3, villa du Coteau,
92140 Clamart, France

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

Membership of Board committees:
- Strategy Committee (Chair)
- Governance, Appointments & Corporate Social Responsibility Committee
- Compensation Committee

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

Directorships and other offices currently held

Directorships and other offices within the Group

Directorships and other offices held outside the Group
- Director, F2I (UIMM), the Franco-German Chamber of Commerce and Industry and École nationale supérieure des Mines ParisTech

Directorships and other offices held within the past five years
- Strategy, Planning and Finance Director, Airbus group’s Technical Corporate division, then Advisor to the Chief Technical Officer
- Director, Imagine (genetic disease research institute)
- Chief of Staff to the Executive Chairman of EADS

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

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

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

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

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

 Listed company (for directorships and positions currently held).
VÉRONIQUE WEILL
Independent director

French
Age: 59

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

First appointed: 05/26/2016
Start of current term of office: 05/23/2017
End of current term of office: Shareholders’ Meeting called to approve the 2020 financial statements
Number of shares held: 2,390
Membership of Board committees:
- Audit & Risks Committee (since July 25, 2018)
- Strategy Committee

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

Directorships and other offices currently held

Directorships and other offices within the Group
-

Directorships and other offices held outside the Group
- Director, BBH Holdings Ltd (Bartle Bogle Hegarty) – Publicis Groupe, Gustave Roussy Foundation, Georges Besse Foundation (since September 2018) and the Louvre Museum

Directorships and other offices held within the past five years
- Chief Customer Officer, AXA group
- Chief Executive Officer, AXA Global Asset Management
- Member of the Scientific Board, AXA Research Fund
- Chair of the Board of Directors, AXA Assicurazioni Spa (Italy), AXA Aurora Vida, Sa De Seguros Y Reaseguros (Spain), AXA Pensiones SA, Entidad Gestora De Fondos De Pensiones, Sociedad Unipersonal (Spain), AXA Seguros Generales SA De Seguros Y Reaseguros (Spain), AXA Vida SA De Seguros Y Reaseguros (Spain), AXA Global Direct SA (France) and AXA Banque Europe (Belgium)
- Director, AXA Assistance SA (Italy), AXA MPS Assicurazioni Danni SpA (Italy) and AXA MPS Assicurazioni Vita SpA (Italy)

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

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

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

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

She is a French citizen and speaks French and English.

 Listed company (for directorships and positions currently held)
**PRESENTATION OF THE PROPOSED RESOLUTIONS**

This text is a free translation from the French language and is supplied for information purpose. Only the original version in the French language has legal force.

Report of the Board of Directors and proposed resolutions

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 euros. 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 euros) for the financial year ended December 31, 2018 amounts to 1,746,550,128.91 euros.

The Board of Directors of the Company proposes to pay a dividend of 1.25 euros per share for each share entitled to dividends, i.e. 296,609,358.75 euros, the balance of the distributable profit recorded in the “retained earnings” account amounts to 1,449,940,770.16 euros. 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.

First resolution

(Approval of the parent company financial statements for the financial year ended December 31, 2018)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for ordinary general shareholders’ meetings, having considered the Board of Directors’ and the Statutory Auditors’ reports as well as the parent company financial statements for the financial year ended December 31, 2018 which include the balance sheet, the income statement and the notes, approves the parent company financial statements for the financial year ended December 31, 2018 as presented, and all of the transactions reflected in these financial statements and summarised in these reports, which show, for this financial year, a profit amounting to 257,507,808.12 euros.

Following the decision to pay a dividend of 1.25 euros per share for each share entitled to dividends, i.e. 296,609,358.75 euros, the balance of the distributable profit recorded in the “retained earnings” account amounts to 1,449,940,770.16 euros. 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.
Second resolution
(Approval of the consolidated financial statements for the financial year ended December 31, 2018)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for ordinary general shareholders’ meetings, having considered the Board of Directors’ and the Statutory Auditors’ reports, as well as the Company’s consolidated financial statements for the financial year ended December 31, 2018 which include the balance sheet, the income statement and the notes, approves the consolidated financial statements for the financial year ended December 31, 2018, as presented, and all of the transactions reflected in these financial statements and summarised in these reports.

Third resolution
(Allocation of earnings for the financial year ended December 31, 2018 and setting of the dividend)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for ordinary general shareholders’ meetings, acknowledges that the parent company financial statements for the financial year ended December 31, 2018 as approved by this General Shareholders’ Meeting, show profits for the financial year of €257,507,808.12 euros and decides, on the proposal of the Board of Directors, to allocate the distributable earnings as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profits</td>
<td>€257,507,808.12</td>
</tr>
<tr>
<td>Earnings previously retained</td>
<td>€1,489,042,320.79</td>
</tr>
<tr>
<td>Distributable earnings</td>
<td>€1,746,550,128.91</td>
</tr>
<tr>
<td>Allocation to dividend</td>
<td>€296,609,358.75</td>
</tr>
<tr>
<td>Balance recorded in retained earnings</td>
<td>€1,449,940,770.16</td>
</tr>
</tbody>
</table>

(1) The total amount of the distributions referred to above is calculated based on the number of shares entitled to dividends as at December 31, 2018, i.e. 237,287,487 shares, and may vary if the number of shares entitled to dividends changes between January 1, 2019 and the ex-dividend date, depending in particular on the number of treasury shares, as well as the final allotment of free shares and exercise of options (if the beneficiary is entitled to a dividend in accordance with the provisions of the relevant plans).

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

The dividend will be paid on June 3, 2019, it being understood that the ex-dividend date will be May 30, 2019 and the record date will be May 31, 2019. It is specified that if, at the time such dividends are paid, the Company holds treasury shares, the sums corresponding to the unpaid dividends in respect of these shares will be allocated to the “retained earnings” account.

When the gross dividend is paid to individual shareholders who are tax residents in France, the dividend is submitted to a unique flat tax with the overall rate of 30% including (i) the income tax at a flat rate of 12.8% (Article 200-A-1° of the French General Tax Code) and (ii) social contributions (included Generalized Social Contribution (CGS), the Contribution for the Reimbursement of the Social Debt (CRDS), the social levy, the additional contribution to the social levy and the solidarity levy) at a rate of 17.2%. Individual shareholders who are tax residents in France may, however, opt for this dividend to be taxed at a progressive rate (Article 200-A-2 of the French General Tax Code) upon filing the income tax return and no later than the deadline for filing such income tax return.

Pursuant to the applicable laws, the General Shareholders’ Meeting acknowledges that the dividends distributed over the last three financial years prior to the 2018 financial year were as follows:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Number of shares entitled to dividends</th>
<th>Dividend per share (in euros)</th>
<th>Total (in million euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>78,797,896[(1)]</td>
<td>3</td>
<td>236.4[(4)]</td>
</tr>
<tr>
<td>2016</td>
<td>237,254,525[(2)]</td>
<td>1.25</td>
<td>296.6[(5)]</td>
</tr>
<tr>
<td>2017</td>
<td>236,680,841[(2)]</td>
<td>1.25</td>
<td>295.9[(5)]</td>
</tr>
</tbody>
</table>

(1) Number of shares entitled to dividends before the three-for-one stock split decided by the General Shareholders’ Meeting of May 26, 2016 (nineteenth resolution) and implemented by the Board of Directors on that same day.

(2) Amounts which are eligible for the 40% tax deduction applying to individuals who are tax residents in France pursuant to Article 198-3-2° of the French General Tax Code.

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.

Notice of meeting Valeo — 2019

PRESENTATION OF THE PROPOSED RESOLUTIONS
Fourth resolution
(Approval of agreements and undertakings governed by Articles L. 225-38 et seq. of the French Commercial Code)

The General Shareholders' Meeting, voting in accordance with the quorum and majority rules required for ordinary general shareholders’ meetings, having considered the Statutory Auditors’ special report on agreements and undertakings governed by Articles L. 225-38 et seq. of the French Commercial Code, acknowledges that the Statutory Auditors have not been advised of any new agreement or undertaking authorised by the Board of Directors during the financial year ended December 31, 2018 and not already approved by the General Shareholders’ Meeting and takes note of the information contained in this report.

Fifth resolution
(Approval of commitments referred to in Article L. 225-42-1 of the French Commercial Code to which Jacques Aschenbroich is entitled)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for ordinary general shareholders’ meetings, having considered the Statutory Auditor’s special report on agreements and undertakings governed by Articles L. 225-38 et seq. of the French Commercial Code, approves, in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code, the defined benefit pension scheme and the non-compete agreement, as described in this report.

The resolution on the defined benefit pension scheme is subject to the renewal of the executive corporate officer during the first meeting of the Board of Directors following this General Shareholders’ Meeting.

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.
Notice of meeting Valeo — 2019

PRESENTATION OF THE PROPOSED RESOLUTIONS

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 Eurosmaart, 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 École 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 euros.

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 Paris-Dauphine University.

Patrick Sayer is a graduate of École polytechnique (1980) and École 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.

(1) At the date the Notice of Meeting was published (March 29, 2019), Patrick Sayer held 1,500 shares.
Sixth resolution
(Renewal of Jacques Aschenbroich’s term of office as director)
The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for ordinary general shareholders’ meetings, having considered the Board of Directors’ report and acknowledging that Jacques Aschenbroich’s term of office expires at the end of this General Shareholders’ Meeting, decides to renew such term of office for a new period of four (4) years which will expire at the end of the General Shareholders’ Meeting called to approve the financial statements for the financial year ending December 31, 2022.

Seventh resolution
(Appointment of Olivier Piou as director)
The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for ordinary general shareholders’ meetings, having considered the Board of Directors’ report, hereby appoints Olivier Piou as director of the Company, replacing Pascal Colombani whose term of office will expire at the end of this General Shareholders’ Meeting, for a period of four (4) years which will expire at the end of the General Shareholders’ Meeting called to approve the financial statements for the financial year ending December 31, 2022.

Eighth resolution
(Appointment of Patrick Sayer as director)
The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for ordinary general shareholders’ meetings, having considered the Board of Directors’ report, hereby appoints Patrick Sayer as director of the Company, replacing Michel de Fabiani whose term of office will expire at the end of this General Shareholders’ Meeting, for a period of four (4) years which will expire at the end of the General Shareholders’ Meeting called to approve the financial statements for the financial year ending December 31, 2022.

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 million euros;
- the amount of his annual variable compensation: 530,000 euros 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: 35,026 performance shares valued in accordance with IFRS at 2,599,978.5 euros 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 euros;
- 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.
PRESENTATION OF THE PROPOSED RESOLUTIONS

Ninth resolution
( Approval of the compensation components paid or allocated to the Chairman and Chief Executive Officer for the financial year ended December 31, 2018)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for ordinary general shareholders’ meetings, acting pursuant to Articles L. 225-37-2 and L. 225-100 of the French Commercial Code and having considered the Board of Directors’ report referred to in Article L. 225-37 of the French Commercial Code, approves the fixed, variable and exceptional components of total compensation and benefits of all kinds paid or awarded to the Chairman and Chief Executive Officer for the financial year ended December 31, 2018 as presented in the aforementioned report and as appearing in the 2018 Reference Document, section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation of Jacques Aschenbroich, Chairman and Chief Executive Officer, for the year ended December 31, 2018 and prior years”, part “Compensation in respect of the year ended December 31, 2018”, pages 161 to 164.

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

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for ordinary general shareholders’ meetings, acting pursuant to Article L. 225-37-2 of the French Commercial Code and having considered the Board of Directors’ report referred to in Article L. 225-37 of the French Commercial Code, approves the principles and criteria governing the determination, allocation and award of the fixed, variable and exceptional components of total compensation and benefits of all kinds that may be awarded to the Chairman and Chief Executive Officer as presented in the aforementioned report and as appearing in the 2018 Reference Document, section 3.3.1 “Compensation of the Chairman and Chief Executive Officer”, subsection “Compensation policy for the Chairman and Chief Executive Officer”, part “Compensation policy for the Chairman and Chief Executive Officer for the year ending December 31, 2019”, pages 157 to 160, and reproduced in Appendix 2 of the Board of Directors’ 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 euros 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 euros (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.

Eleventh resolution

(Activation for the Board of Directors to carry out transactions in shares issued by the Company, non-applicable during a public tender offer)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for ordinary general shareholders’ meetings, having considered the Board of Directors’ report:

1. authorises the Board of Directors, with powers to sub-delegate under the conditions set out by law, to purchase or arrange for the purchase of the Company’s shares, in accordance in particular with Articles L. 225-209 et seq. of the French Commercial Code, Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014, Delegated Regulation No. 2016/1052 of the European Commission of March 8, 2016, and all other legal and regulatory provisions that would come to be enforceable;

2. the buy-back by the Company of its own shares shall take place for the purpose of:

- the implementation of any stock option plan regarding the Company’s shares under the terms of Articles L. 225-177 et seq. of the French Commercial Code, (or any other similar plan), in particular to any employee and/or corporate officer of the Company and of any company or economic interest grouping related to the Company according to applicable legal and regulatory provisions, or
- the allotment of free shares under the terms of Article L. 225-197-1 et seq. of the French Commercial Code (or any similar plan), in particular to any employee and/or corporate officer of the Company and of any company or economic interest grouping related to the Company according to applicable legal and regulatory provisions, or
the allotment or sale of shares to employees as part of their involvement in the performance and growth of the Company or pursuant to a company or group employee savings plan (or any similar plan) in accordance with the applicable laws, in particular Articles L. 3332-1 et seq. of the French Labour Code, or as a general matter, complying with obligations in respect of stock option plans or other allocation of shares to employees or corporate officers of the issuer or of a related company, or the delivery of shares upon exercise of the rights attached to securities giving access to the share capital by redemption, conversion, exchange, presentation of a warrant or any other means, or retaining a number of shares in order to ultimately deliver them (as exchange consideration, payment or other) in connection with external growth transactions, mergers, spin-offs or contributions, or the cancellation of all or part of the securities so acquired, or the market making in the Valeo share market pursuant to a liquidity contract compliant with the market practice accepted by the French Financial Markets Authority.

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

4. decides that the total number of shares purchased by the Company during the share buy-back program may not exceed 10% of the shares composing the Company’s share capital, at any time, this percentage being applied to a share capital adjusted to reflect transactions affecting the share capital subsequent to this General Shareholders’ Meeting, provided that (i) in accordance with Article L. 225-209 of the French Commercial Code, when shares are bought back to increase liquidity pursuant to the General Regulations of the French Financial Markets Authority, the number of shares taken into account for purposes of calculating the 10% maximum limit referred to above will be equal to the number of purchased shares reduced by the number of shares resold during the authorisation period, (ii) the number of shares acquired in view of their retention and future delivery in connection with external growth transactions, mergers, spin-offs or contributions may not exceed 5% of the Company’s share capital and (iii) the number of shares that the Company holds shall not at any time exceed 10% of shares composing the Company’s share capital;

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

6. decides that (i) the maximum share purchase price under this resolution will be 80 euros per share, and (ii) the aggregated amount that will be allotted to the share buy-back program set out in this resolution will amount to 1,922,024,800 euros (excluding acquisition expenses) corresponding to a maximum number of 24,025,310 shares based on a maximum price of 80 euros per share;

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

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

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

10. sets the term of validity of this authorisation at eighteen months as from the date of this General Shareholders’ Meeting and acknowledges that, as of the same date, it cancels any unused portion of the authorisation granted to the Board of Directors by the General Shareholders’ Meeting of May 23, 2018 under its eleventh resolution.
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. 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)

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.
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.

Twelfth resolution
(Delegation of authority to the Board of Directors to decide to issue, immediately or in the future, shares and/or securities giving access to the Company’s or a subsidiary’s share capital, with maintenance of the shareholders’ preferential subscription right, non-applicable during a public take-over offer)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for extraordinary general shareholders’ meetings, having considered the Board of Directors’ report and the Statutory Auditors’ special report, and pursuant to the provisions of Articles L. 225-129 et seq. of the French Commercial Code, particularly Articles L. 225-129-2 and L. 225-132, and the provisions of Articles L. 228-91 et seq. of the same Code:

1. delegates its authority to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to decide (and where relevant postpone) on one or more occasions, in France and/or, abroad, in the proportions the Board of Directors deems appropriate, in euros or in any other currency or currency unit established by reference to more than one currency, the issue of (i) shares of the Company and (ii) securities governed by Articles L. 228-92 paragraph 1 and L. 228-93 paragraphs 1 and 3 of the French Commercial Code giving access, immediately or in the future, to the share capital of the Company or of a company of which the Company directly or indirectly holds more than half of the share capital (a “Subsidiary”) (including equity securities granting entitlement to the allocation of debt securities for which the subscription may be made in cash or by offsetting against claims, or partly by capitalisation of reserves, profits, premiums or other amounts that may be capitalized;

2. decides to set the following limits on the amounts of the issues authorised in the event that the Board of Directors should decide to use this delegation of authority:
   • the maximum nominal amount of the share capital increases that may be carried out immediately and/or in the future under this delegation is set at 70 million euros (i.e. for information purposes, as at December 31, 2018, 29.14% of the share capital) or their counter value in any other currency or currency unit established by reference to more than one currency, it being specified that (i) the maximum aggregate nominal value of all share capital increases that may be carried out under the twelfth to eighteenth resolutions of this General Shareholders’ Meeting is set at 131 million euros or the equivalent thereof in any other currency or currency unit established by reference to more than one currency, and (ii) as the case may be, the nominal amounts of any additional shares as may be issued as part of adjustments to protect the rights of holders of securities giving access to the share capital made pursuant to the applicable laws and regulations or pursuant to contractual terms, if any, providing for any other circumstances in which adjustments may be necessary, in the event of any new financial transactions, are to be added to these limits; and (iii) in the event that the share capital is increased through the incorporation of premiums, reserves, profits, or other amounts that may be capitalised through the allotment of free shares during the period of validity of this delegation, the aforementioned limits will be adjusted by multiplying by a factor equal to the ratio between the number of shares making up the share capital before and the number after the transaction,
   • the maximum nominal amount of debt securities that may be issued under this delegation is set at 1.5 billion euros or the equivalent thereof in any other currency or currency unit established by reference to more than one currency, it being specified that (i) this amount does not include any above-par redemption premium(s) as may be applicable, (ii) the maximum aggregate nominal value of all debt securities that may be issued under the twelfth to fifteenth and seventeenth to eighteenth resolutions of this General Shareholders’ Meeting is set at 1.5 billion euros (or the equivalent thereof in any other currency or currency unit established by reference to more than one currency), and (iii) this amount is separate and independent from the amount of any debt securities that may be issued pursuant to a decision or the authorisation of the Board of Directors in accordance with the provisions of Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6, and L. 228-94 paragraph 3 of the French Commercial Code;

3. decides that the shareholders may, in accordance with the conditions provided for by law, exercise their preferential right to subscribe for shares and securities giving access to the share capital that will be issued pursuant to this delegation, on a non-reducible basis;

4. acknowledges that the Board of Directors may create a right for the shareholders to subscribe for excess shares on a reducible basis, which is to be exercised in proportion to the rights they hold and within the limits of their subscription requests. Furthermore, pursuant to Article L. 225-134 of the
5. acknowledges that this delegation incorporates an automatic waiver by the shareholders, in favour of the holders of securities giving access to the Company’s share capital, of their preferential right to subscribe for shares or securities to which the securities issued under this delegation could give rise immediately or in the future;

6. decides that issues of share warrants of the Company may also be carried out by allotment of free share warrants to the holders of existing shares, it being understood that fractional allocation rights cannot be traded or assigned and that the corresponding equity securities must be sold within the terms and the time periods imposed by laws and regulations;

7. grants full powers to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to implement this delegation of authority and in particular:

- to determine the dates, terms and conditions of any issues of shares or securities giving access immediately or in the future to the share capital, together with the form and characteristics of the securities, including to set the issue amount, the issue and subscription prices of the shares and/or securities, with or without a premium, the date upon which they will bear dividend rights, which may be retroactive, the procedure for paying up the shares or securities and, as applicable, the conditions under which any rights attached to the shares or securities may be exercised (conversion rights, exchange rights, redemption rights, including by delivery of corporate assets such as the existing securities of the Company or a Subsidiary, as appropriate) and, in particular, to set all other terms and conditions for completing the issue of shares and/or securities, as applicable;

- to decide, in the event of an issue of bonds or other debt securities governed by Articles L. 228-91 et seq. of the French Commercial Code, whether or not these will be subordinated, the applicable interest rate (including fixed or variable rate, zero coupon, indexed), their maturity date (fixed or open-ended) and if necessary, the criteria for any mandatory or optional suspension or non-payment of interest, whether or not it is possible to reduce or increase the nominal value of securities and to set any other issuance terms (including the provision of any guarantees or security interests) as well as the amortisation conditions (including redemption by delivery of corporate assets of the Company); if relevant, to set the conditions under which the securities will give access to the Company’s share capital, to amend the above-described terms and conditions in accordance with the applicable formalities during the lifetime of the securities,

- to set the terms on which the Company will be able to purchase or exchange securities giving access to the share capital that have been or will be issued on the markets (if applicable), at any time or during fixed intervals and including for the purpose of cancelling such securities, in keeping with provisions of law,

- if necessary, to create an option to suspend the exercise of the rights attached to the issued securities in accordance with the law and regulations,

- as applicable, to set and make all necessary adjustments to take into account the impact of transactions on the Company’s share capital or equity and in particular a change in the nominal value of the shares, share capital increase by capitalisation of reserves, profits or premiums, allotment of free shares, split or pooling of securities, distribution of dividends, reserves, premiums or any other assets, amortisation of capital or any other transaction affecting the equity or share capital (including in the event of a public offer and/or of a change of control) and, if necessary, to set any other terms and conditions in the interest of protecting the rights of holders of securities giving access to the Company’s share capital (including adjustments in cash),

- on its sole initiative, to make all necessary deductions from the issue premium(s) up to the limits authorised by law, among others to cover expenses incurred for the implementation of the issue, and to deduct from the issue premiums all necessary amounts for the legal reserve,

- to duly record the completion of each issue and make any amendments to the articles of association that may become necessary as a result thereof,

- in general, to enter into all agreements, in particular to ensure completion of the proposed issues, take all required measures and decisions and complete all formalities required for the issue, listing and financial administration of securities issued under this resolution and for the exercise of the rights attached thereto;

8. decides that this delegation of authority conferred upon the Board of Directors may be used at any time. However, without prior consent from the General Shareholders’ Meeting, the Board of Directors may not use this delegation of authority, following the submission by a third party of a proposed public tender offer for the securities of the Company, before the end of the offer period;

9. sets the term of validity of this delegation of authority at twenty-six months as from the date of this General Shareholders’ Meeting and acknowledges that, as of the same date, it cancels any unused portion of the delegation of authority granted by the General Shareholders’ Meeting of May 23, 2017 under its twelfth resolution.
**B. 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)**

**Possible reasons for use of the resolutions**

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.

**Conditions for implementation**

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).

**Price**

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.
PRESENTATION OF THE PROPOSED RESOLUTIONS

Thirteenth resolution

(Delegation of authority to the Board of Directors to decide to issue, immediately or in the future, shares and/or securities giving access to the Company’s or a subsidiary’s share capital by way of public offerings, with cancellation of the shareholders’ preferential subscription right, with possible use as consideration for securities contributed to the Company in relation to a public exchange offer initiated by the Company, non-applicable during a public take-over offer)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for extraordinary general shareholders’ meetings, having considered the Board of Directors’ report and the Statutory Auditors’ special report, and pursuant to the provisions of Articles L. 225-129 et seq. of the French Commercial Code, particularly Articles L. 225-129-2, L. 225-135, L. 225-136 and L. 225-148, and the provisions of Articles L. 228-91 et seq. of the same Code:

1. delegates its authority to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to decide (and where relevant postpone) on one or more occasions, in France and/or abroad, in the proportion that the Board of Directors deems appropriate, in euros or in any other currency or currency unit established by reference to more than one currency, the issue by way of public offerings (with the exception of the offerings mentioned in Article 1, 4.a) and b) of EU Regulation No. 2017/1129 dated June 14, 2017) of (i) shares of the Company and (ii) securities governed by Articles L. 228-92 paragraph 1 and L. 228-93 paragraphs 1 and 3 of the French Commercial Code giving access, immediately or in the future, to the Company’s or a Subsidiary’s share capital (including equity securities granting entitlement to the allocation of debt securities) for which the subscription may be made in cash or by offsetting against claims or partly by capitalisation of reserves, profits, premiums or any other amounts that may be capitalised, it is further specified that the instruments referred to in (i) to (ii) above may be issued following the issuance by a Subsidiary of securities giving access to the Company’s share capital to be issued;

2. decides that the issues referred to in this resolution may be combined, as part of the same issue or of multiple issues carried out simultaneously, with the offers referred to in the fourteenth resolution (or any similar resolution that may replace it during the validity thereof);

3. decides to set the following limits on the amounts of the issues authorised in the event that the Board of Directors should decide to use this delegation of authority:

- the maximum nominal amount of the share capital increases that may be carried out immediately and/or in the future under this delegation of authority is set at 23 million euros (i.e. for information purposes, as at December 31, 2018, 9.57% of the share capital) or the equivalent thereof in any other currency or currency unit established by reference to more than one currency, it being specified that (i) this limit is jointly applicable to issues carried out under the thirteenth, fourteenth, and seventeenth resolutions (or any similar resolutions that may replace these for the duration of their respective validity periods) and thus that the nominal value of all share capital increases carried out under the aforementioned resolutions may not exceed this limit, (ii) any issue carried out under this delegation will count towards the maximum aggregate limit defined in paragraph 2 of the twelfth resolution of this General Shareholders’ Meeting (or any similar resolution that may replace it during the validity thereof), (iii) as the case may be, the nominal amounts of any additional shares as may be issued as part of adjustments to protect the rights of holders of securities giving access to the share capital made pursuant to the applicable laws and regulations or pursuant to contract terms, if any, providing for any other circumstances in which adjustments may be necessary, in the event of any new financial transactions, are to be added to these limits and (iv) in the event that the share capital is increased through the incorporation of premiums, reserve accounts, profits, or other amounts that may be capitalised through the allotment of free shares during the period of validity of this delegation, the aforementioned limits will be adjusted by multiplying by a factor equal to the ratio between the number of shares making up the share capital before and after the transaction,

- the maximum nominal amount of the debt securities that may be issued under this delegation is set at 1.5 billion euros or the equivalent thereof in any other currency or currency unit established by reference to more than one currency, it being specified that (i) this amount does not include any above-par redemption premium(s) as may be applicable, (ii) this amount will count towards the maximum aggregate amount defined in paragraph 2 of the twelfth resolution of this General Shareholders’ Meeting (or any similar resolution that may replace it during the validity thereof), and (iii) this amount is separate and independent from the amount of any debt securities issued pursuant to a decision or the authorisation of the Board of Directors in accordance with the provisions of Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6, and L. 228-94 paragraph 3 of the French Commercial Code;

4. decides to cancel the shareholders’ preferential subscription right for any shares and securities giving access, immediately or in the future to the share capital to be issued under this delegation;

5. decides to grant the Board of Directors the ability to establish a priority subscription period for the shareholders applicable to all or part of a given issue and organised for the interval and in accordance with terms and conditions to be set by the Board of Directors in compliance with the applicable laws and regulations, the rights to which may not be traded and must be exercised in proportion to the number of shares held by each shareholder, supplemented, as applicable, by a subscription for excess shares on a reducible basis, it being specified that unsubscribed securities will be offered to the public in France and/or abroad;

6. decides that if subscriptions, including those from shareholders where applicable, do not take up the full rights issue, the Board of Directors may limit the issue amount to the subscription amount received, provided that said issue is equivalent to at least three quarters of the amount of the planned issue, and/or freely allocate any unsubscribed securities.
7. acknowledges that this delegation of authority incorporates an automatic waiver by the shareholders, in favour of the holders of securities giving access to Company’s share capital, of their preferential right to subscribe for shares or securities to which the securities issued under this delegation could give rise immediately or in the future (including where shares or securities representing securities giving access to the Company’s share capital are issued by a Subsidiary, pursuant to Article L. 228-93 of the French Commercial Code);

8. decides that the issue price (i) of those shares issued directly will be at least equal to the minimum amount set by the laws and the regulations applicable on the issue date after any necessary adjustment of this amount to take into account the 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, possibly reduced by a maximum discount of 5%, as provided for in Articles L. 225-136-1° paragraph 1 and R. 225-119 of the French Commercial Code) and (ii) of securities giving access to the share capital issued under this resolution and the number of shares to which the conversion, redemption or more generally the transformation of each security could give rise will be such that the amount received immediately by the Company, plus any amount as may be received by the Company at a later date, as applicable, will be, for each share issued as a result of the issue of these securities, at least equal to the minimum issue price defined in (i) above, after any necessary adjustment of this amount to take into account the date upon which the shares will bear dividend rights;

9. decides that this delegation may be used to issue shares (as stated in paragraph 1 (i)) or securities (as stated in paragraph 1 (ii)) as consideration for securities contributed to the Company as part of a public exchange offer launched by the Company in France or abroad, under local rules (e.g., as part of a reverse merger), for securities meeting the conditions set out in Article L. 225-148 of the French Commercial Code;

10. grants full powers to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to implement this delegation of authority and in particular:

- to determine the dates and terms and conditions of any issues of shares and securities giving access immediately or in the future to the share capital, together with the form and characteristics of the securities, including to set the issue amount of the shares and/or securities, the issue and subscription prices of the shares and/or securities, with or without a premium, the date upon which they will bear dividend rights, which may be retroactive, the procedure for paying up the shares or securities and, as applicable, the conditions under which any rights attached to the shares or securities may be exercised (by conversion, exchange, redemption, including by delivery of corporate assets of the Company such as the existing securities of the Company or a Subsidiary, as appropriate) and to set all other terms and conditions for completing the issue, as applicable,

- to decide, in the event of an issue of bonds or other debt securities governed by Articles L. 228-91 et seq. of the French Commercial Code, whether or not these will be subordinated, the interest rate (including fixed or variable rate, zero coupon, indexed), their maturity date (fixed or open-ended) and provide, if necessary, the criteria for any mandatory or optional suspension or non-payment of interest, whether or not it is possible to reduce or increase the nominal value of securities and to set any other issuance terms (including the provision of any guarantees or security interests) or amortisation conditions (including redemption by delivery of corporate assets of the Company), if relevant, to set the conditions under which these securities will give access to the Company’s share capital, to amend the above-described terms and conditions in compliance with the applicable formalities during the lifetime of the securities,

- to set the terms on which the Company will be able to purchase or exchange the securities giving access to the share capital to be issued or already issued on the markets (if applicable), at any time or during fixed intervals and including for the purpose of cancelling such securities, in keeping with provisions of law,

- in the event of an issue of shares and/or securities giving access to the share capital as consideration for securities contributed to a public offer with an exchange component, to draw up the list of securities contributed to the exchange, to set the conditions for the issue, the exchange ratio and, if necessary, the amount of any cash adjustment to be paid as an exception to the terms for determining the price set out in paragraph 8 of this delegation and to define the terms of the issue in the context of a public exchange offer, an alternative purchase or exchange offer, a single offer proposing the acquisition or exchange of selected securities for consideration in cash and in securities, a primarily public purchase offer or exchange offer combined with an ancillary public purchase offer or public exchange offer, or any other form of public offer in compliance with the laws and regulations applicable thereto, to duly record the number of securities contributed to the exchange and to record, in the liabilities section of the balance sheet in an account named “contribution premium”, to which all shareholders shall have rights, the difference between the issue price of the new securities and their nominal value,

- if necessary, to create an option to suspend the exercise of the rights attached to the securities issued in accordance with the applicable laws and regulations,

- as applicable, to determine and make all necessary adjustments to take into account the impact of transactions on the Company’s share capital or equity and in particular a change in the nominal value of the shares, share capital increase by capitalisation of reserves, profits or premiums, allotment of free shares, split or pooling of securities, a distribution of dividends, reserves, premiums or any other assets, an amortisation of capital or any other transaction affecting equity or share capital (including in the event of a public offer and/or of a change of control) and, if necessary, to set any other terms and conditions in the interest of protecting the rights of holders of securities giving access to the Company’s share capital (including adjustments in cash),
on its sole initiative, to make all necessary deductions from the issue premium(s) up to the limits authorised by law, including to cover expenses incurred for the implementation of the issue and to deduct from the issue premiums all necessary amounts for the legal reserve;

- to duly record the completion of each issue and make any amendments to the articles of association that may become necessary as a result thereof;

- in general, to enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and decisions and complete all formalities required for the issue, listing and financial administration of securities issued under this resolution and for the exercise of the rights attached thereto;

11. decides that this delegation conferred upon the Board of Directors may be used at any time. However, without prior consent from the General Shareholders’ Meeting, the Board of Directors may not use this delegation of authority, following the submission by a third party of a proposed public tender offer for the securities of the Company, before the end of the offer period;

12. sets the term of validity of this delegation of authority at twenty-six months as from the date of this General Shareholders’ Meeting and acknowledged that, as of the same date, it cancels any unused portion of the delegation granted by the General Shareholders’ Meeting of May 23, 2017 under the thirteenth resolution.

Fourteenth resolution

(Delegation of authority to the Board of Directors to decide to issue, immediately or in the future, shares and/or securities giving access to the Company’s or a subsidiary’s share capital by private placement, with cancellation of the shareholders’ preferential subscription right, non-applicable during a public take-over offer)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for extraordinary general shareholders’ meetings, having considered the Board of Directors’ report and the Statutory Auditors’ special report, and pursuant to the provisions of Articles L. 225-129 et seq. of the French Commercial Code, particularly Articles L. 225-129-2, L. 225-135 and L. 225-136, and the provisions of Articles L. 228-91 et seq. of the same Code:

1. delegates its authority to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to decide (and where relevant postpone) on one or more occasions, in France and/or abroad, in the proportion(s) the Board of Directors deems appropriate, in euros or in any other currency or monetary unit established in reference to multiple currencies, the issue, as part of a private placement meeting the conditions set forth in Article L. 411-2-II of the French Monetary and Financial Code or in Article 1, 4.a) or b) of EU Regulation No. 2017/1129 dated June 14, 2017, of (i) shares of the Company, and (ii) securities governed by Articles L. 228-92 paragraph 1 and L. 228-93 paragraphs 1 and 3 of the French Commercial Code giving access, immediately or in the future, to the Company’s or a Subsidiary’s share capital (including equity securities granting entitlement to the allocation of debt securities), for which the subscription may be made in cash or by offsetting against claims or partly by capitalisation of reserves, profits, premiums or any other amounts that may be capitalised. It is further specified that the instruments referred to in (i) to (ii) above may be issued following the issue by a Subsidiary of securities giving access to the Company’s share capital to be issued;

2. decides that the issues referred to in this resolution may be combined, as part of the same issue or of multiple issues carried out simultaneously, with the offers referred to in the thirteenth resolution (or any similar resolution that may replace it during the validity thereof);

3. decides to set the following limits on the amounts of the issues authorised in the event that the Board of Directors should decide to use this delegation of authority:

- the maximum nominal amount of the share capital increases that may be carried out immediately and/or in the future under this delegation is set at 23 million euros (or, for information purposes, as at December 31, 2018, 9.57% of the share capital) or the equivalent thereof in any other currency or currency unit established by reference to more than one currency, if being specified that (i) this limit is jointly applicable to issues carried out under the thirteenth, fourteenth and seventeenth resolutions (or any similar resolutions that may replace these for the duration of their respective validity periods) and thus that the nominal value of all share capital increases carried out under the aforementioned resolutions may not exceed this limit, (ii) any issue carried out under this delegation will count towards the maximum aggregate limit defined in paragraph 2 of the twelfth resolution of this General Shareholders’ Meeting (or any similar resolution that may replace it during the validity of said former resolution), (iii) as the case may be, the nominal amounts of any additional shares as may be issued as part of adjustments to protect the rights of holders of securities giving access to the share capital made pursuant to the applicable laws and regulations or pursuant to contract terms, if any, providing for any other circumstances in which adjustments may be necessary, in the event of any new financial transactions, are to be added to these limits and (iv) in the event that the share capital is increased through the incorporation of premiums, reserve accounts, profits, or other amounts that may be capitalised through the allotment of free shares during the period of validity of this delegation, the aforementioned limits will be adjusted by multiplying by a factor equal to the ratio between the number of shares making up the share capital before and after the transaction;

- the maximum nominal amount of the debt securities that may be issued under this delegation is set at 1.5 billion euros or the equivalent thereof in any other currency or currency unit established by reference to more than one currency, if being specified that (i) this amount does not include any above-par redemption premium(s) as may be applicable, (ii) this amount will count towards the maximum aggregate amount defined in paragraph 2 of the twelfth resolution of this General Shareholders’ Meeting (or any similar resolution that may replace it during the validity of the said former resolution) and (iii) this amount is separate and independent from the amount of any debt securities issued pursuant to
4. decides to cancel the shareholders’ preferential subscription right for any shares and securities giving access immediately or in the future to the share capital to be issued under this delegation;

5. decides that in the event that subscriptions, including, as applicable, subscriptions from the shareholders, do not take up the full rights issue, the Board of Directors may limit the issue amount to the amount of subscriptions received provided that said amount is equivalent to at least three quarters of the planned issue;

6. acknowledges that this delegation incorporates an automatic waiver by the shareholders, in favour of the holders of securities giving access to the Company’s share capital, of their preferential right to subscribe for shares or securities to which these securities issued under this delegation could give rise immediately or in the future (including where shares or securities representing securities giving access to the Company’s share capital are issued by a Subsidiary, pursuant to Article L. 228-93 of the French Commercial Code);

7. decides that the issue price (i) of those shares issued directly will be at least equal to the minimum amount set by the laws and the regulations applicable on the issue date, after any necessary adjustment of this amount to take into account the 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, possibly reduced by a maximum discount of 5%, as provided for in Articles L. 225-136-1° paragraph 1 and R. 225-119 of the French Commercial Code) and (ii) of securities giving access to the share capital issued under this resolution and the number of shares to which the conversion, redemption or more generally the transformation of each security could give rise will be such that the amount received immediately by the Company, plus any amount as may be received by the Company at a later date, as applicable, will be, for each share issued as a result of the issue of these securities, at least equal to the minimum issue price defined in (i) above, after any necessary adjustment of this amount to take into account the date upon which the shares will bear dividend rights;

8. grants full powers to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to implement this delegation of authority and in particular:

- to determine the dates, terms and conditions of any issues of shares and securities giving access immediately or in the future to the share capital, together with the form and characteristics of the securities, including to set the issue amount, the issue and subscription prices of the shares and/or securities, with or without a premium, the date upon which they will bear dividend rights, which may be retroactive, the procedure for paying up the shares or securities and, as applicable, the conditions under which any rights attached to the shares or securities may be exercised (by conversion, exchange, redemption, including by delivery of corporate assets of the Company such as the existing securities of the Company or a Subsidiary, as appropriate) and to set all other terms and conditions for the completing the issue, as relevant,

- to decide, in the event of an issue of bonds or other debt securities governed by Articles L. 228-91 et seq. of the French Commercial Code, whether or not these will be subordinated, the interest rate (including fixed or variable rate, zero coupon, indexed), their maturity date (fixed or open-ended), and to provide, if necessary, the criteria for any mandatory or optional suspension or non-payment of interest, whether or not it is possible to reduce or increase the nominal value of securities and any other issue (including the provision of any guarantees or security interests) or amortisation conditions (including redemption by delivery of corporate assets of the Company), if relevant, to set the conditions under which the securities will give access to the Company’s share capital to their holders, to amend the above-described terms and conditions in compliance with the applicable formalities during the lifetime of the securities,

- to set the terms on which the Company will be able to purchase or exchange the securities giving access to the share capital to be issued or already issued on the markets (if applicable), at any time or during fixed intervals and including for the purpose of cancelling such securities, in keeping with provisions of law,

- if necessary, to create an option to suspend the exercise of the rights attached to the securities issued in accordance with applicable laws and regulations,

- as applicable, to determine and make all necessary adjustments to take into account the impact of transactions on the Company’s share capital or equity and in particular a change in the nominal value of the shares, share capital increase by capitalisation of reserves, profits or premiums, an allotment of free shares, split or pooling of securities, distribution of dividends, reserves, premiums or any other assets, an amortisation of capital or any other transaction affecting equity or share capital (including in the event of a public offer and/or of a change of control) and, if necessary, to set any other terms and conditions in the interest of protecting the rights of holders of securities giving access to the Company’s share capital (including adjustments in cash),

- on its sole initiative, to make all necessary deductions from the issue premium(s) up to the limits authorised by law, among others to cover expenses incurred for the implementation of the issue and to deduct from the issue premiums all necessary amounts for the legal reserve,
to duly record the completion of each issue and make any amendments to the articles of association as may become necessary as a result thereof;

in general, to enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and decisions and complete all formalities required for the issue, listing and financial administration of securities issued under this resolution and for the exercise of the rights attached thereto;

9. decides that this delegation of authority conferred upon the Board of Directors may be used at any time. However, without prior consent from the General Shareholders’ Meeting, the Board of Directors may not use this delegation of authority, following the submission by a third party of a proposed public tender offer for the securities of the Company, before the end of the offer period;

10. sets the term of validity of this delegation of authority at twenty-six months as from the date of this General Shareholders’ Meeting and acknowledges that as of the same date, it cancels any unused portion of the delegation granted by the General Shareholders’ Meeting of May 23, 2017 under its fourteenth resolution.

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.

Fifteenth resolution

(Delegation of authority to the Board of Directors to increase the number of securities to be issued in a rights issue with maintenance or cancellation of the shareholders’ preferential subscription right within the framework of options for over-allotment in the event demand exceeds the number of securities offered, non-applicable during a public take-over offer)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules applicable to extraordinary general shareholders’ meetings, having considered the Board of Directors’ report and the Statutory Auditors’ special report, and pursuant to the provisions of Articles L. 225-129 et seq. of the French Commercial Code and in particular Articles L. 225-129-2, L. 225-135-1 and R. 225-118:

1. delegates its authority to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to decide (or where relevant postpone) to increase the number of securities to be issued in a rights issue with maintenance or cancellation of the shareholders’ preferential subscription right, carried out under the twelfth, thirteenth and fourteenth resolutions (or any similar resolutions that may replace these for the duration of their respective validity periods), at the same price as that set for the initial issue and within the timeframes and up to the limits provided for by the applicable regulations on the issue date (as an indication, on the day of the General Shareholders’ Meeting, within thirty (30) days of the closing of the subscription period and up to 15% of the initial issue), including for the purpose of granting an over-allotment option in accordance with market practices,
2. decides that (i) the nominal amount of the share capital increase resulting from the issues carried out pursuant to this resolution will count towards the maximum limit defined in the resolution under which the initial issue was decided and towards the maximum aggregate limit provided for in paragraph 2 of the twelfth resolution of this General Shareholders’ Meeting (or any similar resolution that may replace it during the validity of said former resolution) and (ii) the nominal amount of the debt securities resulting from the issues carried out pursuant to this resolution will count towards the maximum limit defined in the resolution under which the initial issue was decided and towards the maximum aggregate limit provided for in paragraph 2 of the twelfth resolution of this General Shareholders’ Meeting (or any similar resolution that may replace it during the validity of said former resolution),

3. decides that this delegation conferred upon the Board of Directors may be used within the timeframe defined in paragraph 1 of this delegation. However, without prior consent from the General Shareholders’ Meeting, the Board of Directors may not use this delegation of authority, following the submission by a third party of a proposed public tender offer for the securities of the Company, before the end of the offer period;

4. sets the term of validity of this delegation of authority at twenty-six months as from the date of this General Shareholders’ Meeting and acknowledges that as of the same date, it cancels any unused portion of the 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 or 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.

Sixteenth resolution

(Delegation of authority to the Board of Directors to increase the share capital by capitalisation of premiums, reserves, profits or other amounts that may be capitalised, non-applicable during a public take-over offer)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules applicable to ordinary general shareholders’ meetings, having considered the Board of Directors’ report, and pursuant to the provisions of Articles L. 225-129 et seq. of the French Commercial Code and in particular Articles L. 225-129-2 and L. 225-130:

1. delegates its authority to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to decide to increase the share capital on one or more occasions, in the proportions the Board of Directors deems appropriate, by successive or simultaneous capitalisations of premiums, reserves, profits or any other amounts authorised for capitalisation by law or the articles of association, by way of an issue and an allotment of free equity securities or by increasing the nominal amount of existing equity securities or by jointly using both such procedures;

2. decides that the maximum nominal amount of the capital increases that may be carried out under this delegation is set at 30 million euros or the equivalent amount in any other currency or monetary unit established by reference to multiple currencies, it being specified that (i) any issue implemented under this delegation will count towards the maximum aggregate limit defined in paragraph 2 of the twelfth resolution of this General Shareholders’ Meeting (or any similar resolution that may replace it during the validity of said former resolution) and (ii) as the case may be, the nominal amounts of any additional shares as may be issued as part of adjustments to protect the rights attached to securities issued made pursuant to the applicable laws and regulations or pursuant to contract terms, if any, providing for any other circumstances in which adjustments may be necessary, in the event of any new financial transactions, are to be added to these limits;

3. decides, in the event of an allotment of free equity securities, that fractional rights may not be traded or assigned and that the corresponding equity securities will be sold; the proceeds of such sale shall be allocated to the holders of said rights in accordance with applicable laws and regulations;
4. grants full powers to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to implement this delegation and in particular:
   - to set the value and type of the amounts to be incorporated into the share capital; to set the number of equity securities to be issued and/or the amount by which the nominal value of existing equity securities will be increased, to set the date, which may be retroactive, from which the new equity securities will bear dividend rights or the date upon which the increase in the nominal value of the existing equity securities will be effective,
   - to decide whether the allotment rights giving rise to the securities’ sale mentioned in paragraph 3 of this delegation may or may not be traded and assigned,
   - to decide, if necessary and where applicable, that the shares allotted free of charge under this delegation on the basis of existing shares bearing double voting rights will benefit from this right immediately upon the issue of the new shares,
   - to make all necessary adjustments to take into account the impact of transactions on the Company’s share capital and in particular in the event of a change in the nominal value of the shares, share capital increase by capitalisation of reserves, allotment of free shares, split or pooling of securities, distribution of dividends, reserves, premiums or any other assets, amortisation of capital or any other transaction affecting equity or share capital (including in the event of a public offer and/or of a change of control) and, if necessary, to set any other terms and conditions in the interest of protecting the rights of holders of securities giving access to the share capital (including adjustments in cash),
   - to charge, should the Board of Directors deem it appropriate, all or part of the expenses and fees arising out of the planned transaction(s) to any reserve or premium account and to deduct all necessary amounts for the legal reserve,
   - to duly record the completion of each share capital increase and make any amendments to the articles of association as may become necessary as a result thereof,
   - in general, to enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and decisions and complete all formalities required for the issue, listing and financial administration of securities issued under this resolution and for the exercise of the rights attached thereto;
5. decides that this delegation conferred upon the Board of Directors may be used at any time. However, without prior consent from the General Shareholders’ Meeting, the Board of Directors may not use this delegation of authority, following the submission by a third party of a proposed public tender offer for the securities of the Company, before the end of the offer period, and
6. sets the term of validity of this delegation of authority at twenty-six months as from the date of this General Shareholders’ Meeting date and acknowledged that, as of the same date, it cancels any unused portion 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.
Seventeenth resolution

(Delegation of powers to the Board of Directors to proceed, immediately or in the future, with the issue of shares and/or securities giving access to the Company’s share capital to be used as remuneration for contributions in kind granted to the Company, without the shareholders’ preferential subscription right, non-applicable during a public take-over offer)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for extraordinary general shareholders’ meetings, having considered the Board of Directors’ report and the Statutory Auditors’ special report, and pursuant to the provisions of Articles L. 225-129 et seq. of the French Commercial Code and in particular Articles L. 225-129-2, L. 225-147 and L. 228-91:

1. delegates its powers to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to issue, on one or more occasions and proportioned as determined by the Board, (i) shares of the Company and (ii) securities governed by Articles L. 228-92 paragraph 1 of the French Commercial Code giving access, immediately or in the future, to the Company’s share capital (including equity securities granting entitlement to the allocation of debt securities) as compensation for contributions in kind granted to the Company and in the form of equity securities or securities giving access to the share capital, where the provisions of Article L. 225-148 of the French Commercial Code are not applicable;

2. decides to set the following limits on amounts of the issues authorised in the event that the Board of Directors should decide to use this delegation of powers:

- the total nominal amount of the share capital increases that may be carried out immediately and/or in the future under this delegation is set at 23 million euros (or, for information purposes, as at December 31, 2018, 9.57% of the share capital), or the equivalent thereof in any other currency or currency unit established by reference to more than one currency (but may not exceed the limits set out in applicable legal provisions on the date of the decision of the Board of Directors, i.e. currently 10% of the Company’s share capital), it being specified that (i) this limit is jointly applicable to issues carried out under the thirteenth, fourteenth, and seventeenth resolutions (or any similar resolutions that may replace these for the duration of their respective validity periods) and thus that the nominal value of all share capital increases carried out under the aforementioned resolutions may not exceed this limit, (ii) any issue carried out under this delegation will count towards the maximum aggregate limit defined in paragraph 2 of the twelfth resolution of this General Shareholders’ Meeting (or any similar resolution replacing it during the validity of said former resolution) and (iii) this amount is separate and independent from the amount of any debt securities issued pursuant to a decision or the authorisation of the Board of Directors in accordance with the provisions of Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6 and L. 228-94 paragraph 3 of the French Commercial Code;

3. acknowledges that this delegation incorporates an automatic waiver by the shareholders, in favour of the holders of securities giving access to the Company’s share capital, of their preferential right to subscribe for shares or securities to which securities issued under this delegation could give rise immediately or in the future;

4. grants full powers to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to implement this delegation of powers and in particular:

- to establish the list of equity securities and/or securities giving access to the share capital contributed,

- to decide, on the report of the Contribution Auditor(s) mentioned in the first and second paragraphs of Article L. 225-147 of the French Commercial Code, on the appraisal of contributions and any specific advantages granted and to reduce, with consent from the contributing party, the valuation of contributions or the remuneration of specific advantages,

- to define the type and characteristics of the shares and/or securities giving access to the share capital in payment for assets contributed to be issued and to modify those terms and characteristics during the lifetime of the securities, in keeping with applicable formalities,

- to set the number of securities to be issued and, if necessary, the amount of any cash adjustment to be paid, to set the dates, which may be retroactive, upon which the securities to be issued will bear dividend rights,

- as applicable, to set and make all necessary adjustments to take into account the impact of transactions on the Company’s share capital and in particular a change in the nominal value of the shares, share capital increase by capitalisation of reserves, allotment of free shares, split

for any other circumstances in which adjustments may be necessary, in the event of any new financial transactions, are to be added to these limits, and (iv) if share capital is increased through the incorporation of premiums, reserve accounts, profits or other amounts that may be capitalised through the allotment of free shares during the period of validity of this delegation, then the aforementioned limits will be adjusted by multiplying them by a factor equal to the ratio between the number of shares making up the share capital before and the number after the transaction,

- the maximum nominal amount of the debt securities that may be issued under this delegation is set at 1.5 billion euros (or the equivalent thereof in any other currency or currency unit established by reference to more than one currency), it being specified that (i) this amount does not include any above-par redemption premium(s) that may be applicable, (ii) this amount will count towards the maximum aggregate amount defined in paragraph 2 of the twelfth resolution of this General Shareholders’ Meeting (or any similar resolution replacing it during the validity of said former resolution) and (iii) this amount is separate and independent from the amount of any debt securities issued pursuant to a decision or the authorisation of the Board of Directors in accordance with the provisions of Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6 and L. 228-94 paragraph 3 of the French Commercial Code;

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PRESENTATION OF THE PROPOSED RESOLUTIONS
or pooling of securities, distribution of dividends, reserves, premiums or any other assets, amortisation of capital or any other transaction affecting equity or share capital (including in the event of a public offer and/or of a change of control) and, if necessary, to set any other terms and conditions in the interest of protecting the rights of holders of securities giving access to the share capital (including adjustments in cash),

- to set the terms on which the Company will be able to purchase or exchange securities giving access to the share capital that have been or will be issued on the markets (if applicable), at any time or during fixed intervals and including for the purpose of cancelling such securities, in keeping with applicable laws and regulations,

- if applicable, to provide for the possibility of suspending the exercise of the rights related to these securities in accordance with applicable laws and regulations,

- to duly record the completion of each issue and make any amendments to the articles of association as may become necessary as a result thereof,

- on its sole initiative, to make all necessary deductions from the contribution premium(s) up to the limits authorised by law, among others to cover expenses incurred for the implementation of the issue and to deduct from the issue premiums all necessary amounts for the legal reserve,

- in general, to enter into all agreements, in particular to ensure completion of the proposed issues, take all measures and decisions and complete all formalities required for the issue, listing and financial administration of shares or securities issued under this resolution and for the exercise of the rights attached thereto,

5. decides that this delegation conferred upon the Board of Directors may be used at any time. However, without prior consent from the General Shareholders’ Meeting, the Board of Directors may not use this delegation of powers, following the submission by a third party of a proposed public tender offer for the securities of the Company, before the end of the offer period;

6. sets the term of validity of this delegation of powers at twenty-six months as from the date of this General Shareholders’ Meeting and acknowledges that as of the same date, it cancels any unused portion of the delegation granted by the General Shareholders’ Meeting of May 23, 2017 under its seventeenth 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 the 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.

Eighteenth resolution

(Delegation of authority to the Board of Directors to decide to issue, immediately or in the future, shares and/or securities giving access to the Company’s share capital reserved to members of a savings plan, with cancellation of the shareholders’ preferential subscription right, non-applicable during a public take-over offer)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for extraordinary general shareholders’ meetings, having considered the Board of Directors’ report and the Statutory Auditors’ special report, and pursuant, on the one hand, to the provisions of Articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 228-91 et seq. of the French Commercial Code and, on the other hand, Articles L. 3332-18 to L. 3332-24 of the French Labour Code:

1. delegates its authority to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to decide (or where relevant postpone) on one or more occasions the issue of (i) shares of the Company and (ii) securities governed by Article L. 228-92 paragraph 1 of the French Commercial Code giving access, immediately or in the future, to the Company’s share capital (including equity securities giving access to debt securities) reserved for the members of one or more employee savings plans (or for the members of any other plan or plans for whom a share capital increase may be reserved under equivalent conditions pursuant to Articles L. 3332-1 et seq. of the French Labour Code or any equivalent law or regulation) established within the Company or a French or foreign undertaking or group of undertakings falling within the scope of the Company’s consolidated or combined financial statements pursuant to Articles L. 3344-1 et seq. of the French Labour Code; it being specified that this resolution may be used to implement schemes with a leverage effect;

2. decides to set the following limits on the amounts of the issues authorised in the event that the Board of Directors should decide to use this delegation:

- the maximum nominal amount of the share capital increases that may be carried out immediately and/or in the future under this delegation is set at 5 million euros or the equivalent thereof in any other currency or currency unit established by reference to more than one currency, it being specified that (i) any issue carried out under this delegation will count towards the maximum aggregate limit defined in paragraph 2 of the twelfth resolution of this General Shareholders’ Meeting (or any similar resolution replacing it during the validity of said former resolution) and (ii) as the case may be, the nominal amounts of any additional shares as may be issued as part of adjustments to protect the rights of holders of securities giving access to the share capital made pursuant to the applicable laws and regulations or pursuant to contract terms, if any, providing for any other circumstances in which adjustments may be necessary, in the event of any new financial transactions, are to be added to these limits; and (iii) in the event share capital is increased through the incorporation of premiums, reserve accounts, profits or other amounts that may be capitalised through the allotment of free shares during the period of validity of this delegation, the aforementioned limits will be adjusted by multiplying by a factor equal to the ratio between the number of shares making up share capital before and the number after the transaction,

- the maximum nominal amount of the debt securities that may be issued under this delegation is set at 1.5 billion euros (or the equivalent thereof in any other currency or currency unit established by reference to more than one currency), it being specified that (i) this amount does not include any above-par redemption premium(s) that may be applicable, (ii) this amount will count towards the maximum aggregate amount defined in paragraph 2 of the twelfth resolution of this General Shareholders’ Meeting (or any similar resolution replacing it during the validity of said former resolution) and (iii) this amount is separate and independent from the amount of any debt securities issued pursuant to a decision or the authorisation of the Board of Directors in accordance with the provisions of Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6 and L. 228-94 paragraph 3 of the French Commercial Code;

3. decides that the issue price of the new shares or securities giving access to the share capital which would be issued under this resolution will be determined under the conditions set forth in Articles L. 3332-18 et seq. of the French Labour Code and will be at least equal to 80% of the Reference Price (as defined below) or 70% if permitted by law, or to 70% of the Reference Price (as defined below) or 60% if permitted by law where the lock up period stipulated in the plan in accordance with Articles L. 3332-25 and L. 3332-26 of the
French Labour Code is greater than or equal to ten years, for the purposes of this paragraph, 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 members of a company or group savings plan (or equivalent plan); the General Shareholders’ Meeting nevertheless expressly authorises the Board of Directors, should the Board of Directors deem it necessary, to reduce or eliminate the above-mentioned discount within the limits defined by laws and regulations in order to take into account any local legal, accounting, fiscal or social security related rules as may be applicable;

4. authorises the Board of Directors to allot to the beneficiaries defined above, free of charge and in addition to any shares or securities giving access to the share capital to subscribe for in cash, new or existing shares or securities giving access to the share capital in lieu of all or part of the discount on the Reference Price and/or the employer’s contribution, it being specified that the benefit resulting from any such allotment may not exceed the applicable legal or regulatory limits;

5. decides to cancel the shareholders’ preferential subscription right for shares and securities giving access, immediately or in the future, to the share capital issued under this delegation, in favour of the aforementioned beneficiaries, in the event of an allotment of free shares or securities giving access to the share capital to the above-defined beneficiaries, the shareholders will further waive all rights to said shares or securities giving access to the share capital, including the portion of all reserves, profits, premiums or any other amounts as may be incorporated into the share capital, for the purposes of the free allotment of the said securities carried out under this resolution;

6. acknowledges that this delegation incorporates an automatic waiver in favour of the holders of securities giving access to the share capital by the shareholders of their preferential right to subscribe for those shares or securities to which the securities issued under this delegation could give rise immediately or in the future;

7. authorises the Board of Directors, under the terms stated in this resolution, to assign shares to the members of an employee or group savings plan (or equivalent plan) as provided for in Article L. 3332-24 of the French Labour Code, it being specified that any discounted assignments of shares to the members of an employee savings plan or plans as stated in this resolution will count towards the limit defined in paragraph 2 above, to the extent of the nominal value of the assigned shares;

8. grants full powers to the Board of Directors, with powers to sub-delegate under the conditions set out by law, to implement this delegation and in particular:

- to establish, pursuant to the applicable legal conditions, the list of companies in which aforementioned beneficiaries will be entitled to subscribe to shares or securities giving access to the share capital so issued and benefit, if applicable, from allotment of free shares or securities giving access to the share capital referred to in this delegation,

- to set the conditions, among others regarding seniority, to be met by the beneficiaries of the issues of shares or securities giving access to the share capital,

- to decide that subscriptions may be made directly by the beneficiaries, members of a company or group savings plan (or equivalent plan), or through dedicated mutual funds or other vehicles or entities authorised under applicable laws and regulations,

- to set the amounts of the issues to be made under this delegation and, in particular, to determine the issue prices, dates (including the opening and closing dates for subscriptions), time periods, terms and conditions of subscription and exercise of the related rights, payment, delivery and dividend entitlement (which may be retroactive), the rules for scaling down in the event of over-subscription and any other terms and conditions of the issues, subject to the applicable legal and regulatory limits,

- in the event debt securities are issued, to establish all characteristics and terms for issuing the securities (including whether they are for a fixed or open-ended period, subordinated or not, and their yield) and to amend the terms and the characteristics referred to herein throughout the lifetime of these securities, in keeping with the applicable formalities,

- as applicable, to set and make any adjustments to take into account the effect of transactions on Company share capital, including change in the nominal share value, share capital increase by capitalisation of reserves, allotment of free shares, split or pooling of securities, distribution of dividends, reserves, premiums or any other assets, amortisation of capital or any other transaction affecting shareholders’ equity or share capital (including in the event of a public offer and/or of a change of control) and, if necessary, to set any other terms and conditions to preserve the rights of holders of securities giving access to the Company’s share capital (including adjustments in cash),

- in the event of an allotment of free shares or securities giving access to the share capital, to determine the type, characteristics and number of shares or securities to be issued and the number to be allotted to each beneficiary; to set the dates, time periods, terms and conditions of allotment of said shares or securities within the applicable legal and regulatory limits and in particular to decide whether to allot these shares or securities in lieu of all or part of the discount on the Reference Price specified above or to offset the equivalent value of such shares or securities against the total amount of the employer’s contribution or a combination of these two options,

- in the event of an issue of new shares, to charge the necessary amounts to pay up said shares against reserves, profits or issue premiums, where necessary.
Rationale for voting on a new resolution

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).

6. 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.
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, 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).

Implementation and ceilings

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. 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 1 of the year of allocation to December 31 of the year before delivery (i.e., for a 2019 plan, this would mean from January 1, 2019 to December 31, 2021). Thereafter:
(a) if Valeo’s TSR recorded over the reference period is greater than the CAC 40 index’s TSR recorded over the reference period: 10% of allocated Performance Shares will vest (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

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);

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.

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

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

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules applicable to extraordinary general shareholders’ meetings, having considered the Board of Directors’ report and the Statutory Auditors’ special report:

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

2. decides that the total number of existing shares or shares to be issued pursuant to this authorisation (i) may not exceed 4,445,000 shares (corresponding to approximately 1.85% of the Company’s share capital as at December 31, 2018), and (ii) may not represent more than 10% of the share capital on the date of the Board of Directors’ decision, as applicable, any shares to be issued as a result of the adjustments to be made to protect the rights of the beneficiaries of free shares will not be included in this limit. It is specified that this limit is separate and independent from the limits set in the other resolutions submitted to this General Shareholders’ Meeting;

3. decides that the total number of existing shares or shares to be issued pursuant to this authorisation for corporate officers of the Company may not exceed 250,000 shares (corresponding to approximately 0.10% of the Company’s share capital as at December 31, 2018) on the date of the Board of Directors’ decision; as applicable, any shares to be issued as a result of the adjustments to be made to protect the rights of the beneficiaries of free shares will not be included in this limit;

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

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

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

7. decides that the Company may make any applicable adjustments to the number of shares allocated free of charge in order to protect beneficiaries’ rights in the event of any transactions related to the Company’s share capital, including any change to the share par value, share capital increase by incorporation of reserves, allocation of free shares, issue of new shares with preferential subscription right for existing shareholders, stock split or reverse stock split, distribution of
reserves, issue premiums or any other assets, amortisation of capital, change to the distribution of profits due to the creation of preference shares or any other transaction affecting the equity or share capital (including a public tender offer and/or change of control), it being understood that any shares allocated pursuant to these adjustments will have the same official issue date as the shares that were initially issued;

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

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

10. sets the term of validity of this authorisation at twenty-six months as from the date of this General Shareholders’ Meeting and acknowledges that as of the same date, it cancels any unused portion of the authorisation granted by the General Shareholders’ Meeting of May 23, 2018 under its twelfth resolution.

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.

Twentieth resolution

(Authorisation for the Board of Directors to reduce the share capital by cancelling treasury shares)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for extraordinary general shareholders’ meetings, having considered the Board of Directors’ report and the Statutory Auditors’ special report, and pursuant to applicable laws and regulations, in particular the provisions of Articles L. 225-209 et seq. of the French Commercial Code:

1. authorises the Board of Directors to reduce the share capital by cancelling, on one or more occasions, in the proportions and at whatever time it decides within the limit of 10% of the Company’s share capital per 24-month period, all or part of the shares that the Company holds or may acquire as part of the share buy-back program authorised by the General Shareholders’ Meeting, if being specified that the limit of 10% (namely, for information purposes, as at December 31, 2018, a limit of 24,025,310 shares) will apply to the Company’s amount of share capital adjusted, as necessary, to take into account any transactions affecting said share capital after this General Shareholders’ Meeting;

2. grants full powers to the Board of Directors, with powers to sub-delegate under the conditions set out by the applicable laws and the regulations, to undertake any cancellation and share capital reduction operations as may be carried out under this authorisation, to charge the difference between the buy-back value of the cancelled shares and their nominal value against the available premiums and reserve accounts of its choice, to transfer as a consequence the funds which become available in the legal reserve, and to make corresponding amendments to the articles of association and to complete all formalities;

3. sets the term of validity of this authorisation at twenty-six months as from the date of this General Shareholders’ Meeting and acknowledges that, as of the same date, it cancels any unused portion of the authorisation granted 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.

Twenty-first resolution

(Amendment of Article 9 of the articles of association – Taking into account assimilation cases for statutory major holding notifications)

The General Shareholders’ Meeting, voting in accordance with the quorum and majority rules required for extraordinary general shareholders’ meetings, having considered the Board of Directors’ report, decides to amend Article 9.3 of the Company’s articles of association as follows, the rest of Article 9 remains unchanged:

Former drafting

New drafting

<table>
<thead>
<tr>
<th>Article 9 – TRANSFER</th>
<th>Article 9 – TRANSFER</th>
</tr>
</thead>
<tbody>
<tr>
<td>“3. In addition to the thresholds provided for by Article L. 233-7 of the French Commercial Code, any individual or legal entity owning directly or indirectly, alone or in concert with other entities, a number of shares representing more than 2% of the share capital or voting rights of the Company, must notify the Company by registered letter with acknowledgement of receipt within fifteen days upon crossing the said 2% threshold, setting forth its name and the names of the persons acting in concert. This notification obligation also applies to each additional 2% of the share capital or voting rights. This obligation also applies when the threshold of 2% (or of a multiple thereof) is crossed in connection with a decrease in ownership of share capital or voting rights.”</td>
<td>“3. In addition to the thresholds provided for by Article L. 233-7 of the French Commercial Code, any individual or legal entity owning directly or indirectly, alone or in concert with other entities, a number of shares representing more than 2% of the share capital or voting rights of the Company, must notify the Company by registered letter with acknowledgement of receipt within fifteen days upon crossing the said 2% threshold, setting forth its name and the names of the persons acting in concert. This notification obligation also applies to each additional 2% of the share capital or voting rights. This obligation also applies when the threshold of 2% (or of a multiple thereof) is crossed in connection with a decrease in ownership of share capital or voting rights.”</td>
</tr>
<tr>
<td>The intermediary recorded as holder of shares in accordance with the seventh paragraph of Article L. 228-1 of the French Commercial Code shall provide the declarations required by this Article for all the shares held for its account, without prejudice to the obligations of the owners of the shares.</td>
<td>The intermediary recorded as holder of shares in accordance with the seventh paragraph of Article L. 228-1 of the French Commercial Code shall provide the declarations required by this Article for all the shares held for its account, without prejudice to the obligations of the owners of the shares.</td>
</tr>
<tr>
<td>In the event of failure to comply with the obligations set forth above, the sanctions under Article L. 233-14 of the French Commercial Code will be applied provided that a request for such sanctions by one or more shareholders holding at least 2% of the share capital or voting rights is recorded in the minutes of the Shareholders’ Meeting.”</td>
<td>In the event of failure to comply with the obligations set forth above, the sanctions under Article L. 233-14 of the French Commercial Code will be applied provided that a request for such sanctions by one or more shareholders holding at least 2% of the share capital or voting rights is recorded in the minutes of the Shareholders’ Meeting.”</td>
</tr>
</tbody>
</table>
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.

Twenty second resolution
(Powers to complete formalities)
The General Shareholders’ Meeting grants full powers to the bearer of an original or copy of these minutes or an extract therefrom to complete all filings, formalities and publications as may be required by law.

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.

March 21, 2019
## Appendix 1

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

<table>
<thead>
<tr>
<th>Compensation components paid or awarded for the financial year ending December 31, 2018</th>
<th>Amounts or accounting value submitted to a vote</th>
<th>Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual fixed compensation</td>
<td>1,000,000 euros (amount paid)</td>
<td>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. 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. 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 euros, (1,279,000 euros 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).</td>
</tr>
<tr>
<td>Annual variable compensation</td>
<td>530,000 euros (amount allocated for financial year ended December 31, 2018)</td>
<td>Jacques Aschenbroich does not receive any multi-annual variable compensation.</td>
</tr>
<tr>
<td>Multi-annual variable compensation</td>
<td>N/A</td>
<td>Jacques Aschenbroich does not receive any attendance fees.</td>
</tr>
<tr>
<td>Attendance fees</td>
<td>N/A</td>
<td>Jacques Aschenbroich does not receive any attendance fees.</td>
</tr>
<tr>
<td>Exceptional compensation</td>
<td>N/A</td>
<td>Jacques Aschenbroich has not received any stock option allocations.</td>
</tr>
<tr>
<td>Stock option allocations</td>
<td>N/A</td>
<td>Jacques Aschenbroich has not received any stock option allocations.</td>
</tr>
</tbody>
</table>
### Compensation components paid or awarded for the financial year ending December 31, 2018

<table>
<thead>
<tr>
<th>Performance Share allocations</th>
<th>Amounts or accounting value submitted to a vote</th>
<th>Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number: 55,026</td>
<td>IFRS valuation: 2,599,978.5 euros</td>
<td>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 euros 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. 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.</td>
</tr>
<tr>
<td>Benefits on appointment</td>
<td>N/A</td>
<td>Jacques Aschenbroich has not received any benefits on appointment.</td>
</tr>
<tr>
<td>Termination benefits</td>
<td>N/A</td>
<td>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.</td>
</tr>
<tr>
<td>Non-competition payment</td>
<td>No amount awarded or paid for the financial year ended December 31, 2018</td>
<td>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.</td>
</tr>
</tbody>
</table>
### Compensation components paid or awarded for the financial year ending December 31, 2018

<table>
<thead>
<tr>
<th>Description</th>
<th>Amounts or accounting value submitted to a vote</th>
<th>Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Supplementary pension plan</strong></td>
<td>No annuity or capital awarded or paid for the financial year ended December 31, 2018</td>
<td>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%.</td>
</tr>
<tr>
<td><strong>Benefits of any kind</strong></td>
<td>Unemployment insurance fund, annual premium valued at 7,731 euros; Collective and mandatory health, death and disability plan, annual premium valued at 2,300 euros; Company car: 14,606 euros.</td>
<td>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.</td>
</tr>
</tbody>
</table>
Appendix 2

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(1), 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(2) 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 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.

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(1) 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.

(2) 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.
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(1).

The Chairman and Chief Executive Officer’s maximum 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.

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%.

The following table shows a summary of the performance share criteria and measurement methods used in the 2019 Compensation Policy(2).

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Weighting/Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal performance criteria: ROA rate</td>
<td>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, (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.</td>
</tr>
<tr>
<td>Internal performance criteria: operating margin rate</td>
<td>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%.</td>
</tr>
<tr>
<td></td>
<td>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%.</td>
</tr>
<tr>
<td></td>
<td>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%.</td>
</tr>
<tr>
<td></td>
<td>If the achievement level is not reached for any of the three years of the plan: 0%.</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.</td>
</tr>
<tr>
<td></td>
<td>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).</td>
</tr>
<tr>
<td></td>
<td>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>
</tbody>
</table>

(1) 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%.

(2) 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. The criteria described in paragraph (1) were approved at the Shareholders’ Meeting of May 23, 2019 with a majority of 95.26%.
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\(^{(1)}\) 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.

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.

\(^{(1)}\) 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.
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**

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Period of validity</th>
<th>Possible reasons for use of the authorisation or the delegation</th>
<th>Ceilings</th>
</tr>
</thead>
</table>
| 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 euros (excluding acquisition costs).  |
| 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).  |
| 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).  |
<table>
<thead>
<tr>
<th>Price</th>
<th>Conditions for the implementation of the authorisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum purchase price: 80 euros per share (excluding acquisition costs).</td>
<td>May not be used during a public offer.</td>
</tr>
<tr>
<td>Minimum price: nominal value.</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td>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.</td>
</tr>
<tr>
<td>No.</td>
<td>Description</td>
</tr>
<tr>
<td>-----</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>14</td>
<td>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.</td>
</tr>
<tr>
<td>15</td>
<td>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.</td>
</tr>
<tr>
<td>16</td>
<td>Share capital increase by capitalisation of premiums, reserves, profits or other amounts that may be capitalised.</td>
</tr>
<tr>
<td>17</td>
<td>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.</td>
</tr>
<tr>
<td>18</td>
<td>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.</td>
</tr>
<tr>
<td>Price</td>
<td>Conditions for the implementation of the authorisation</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------------------------------------------------------</td>
</tr>
<tr>
<td>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). Price identical to that applicable to the initial issue.</td>
<td>■ 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.</td>
</tr>
<tr>
<td>Amount of the sums to be capitalised determined by the Board of Directors.</td>
<td>■ 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.</td>
</tr>
<tr>
<td>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.</td>
<td>■ 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.</td>
</tr>
<tr>
<td>■ 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.</td>
<td>■ 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.</td>
</tr>
<tr>
<td>No.</td>
<td>Description</td>
</tr>
<tr>
<td>-----</td>
<td>-------------</td>
</tr>
</tbody>
</table>
| 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 of their PSR. | 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. | - Maximum number of Free Shares and/or Performance Shares that can be allocated: 4,445,000 shares.  
- Maximum number of Performance Shares allocated to corporate officers: 250,000 shares. |
| 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. |

(1) 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.
### Conditions for the implementation of the authorisation

<table>
<thead>
<tr>
<th>Price</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

- **General conditions:** allocations of Free Shares and Performance Shares to employees and corporate officers or some of them.\(^1\)
- **Minimum vesting period:** three years after the allocation date.
- **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.
  - **Conditions for the implementation of the authorisation:**
    - (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%.
    - (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):**
  - **Total Shareholder Return (TSR) measured against the TSR of the CAC 40 index and the TSR of companies from a panel of European companies in the automotive sector set by the Board of Directors and disclosed by the Company over a three-year period starting January 1 of the year of allocation to December 31 of the year before delivery (i.e. for a 2019 plan, this would mean from January 1, 2019 to December 31, 2021).**
  - (i) If Valeo’s TSR recorded over the reference period > CAC 40 index’s TSR over the reference period: 10% (0% if ≤) and (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.
- **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, pages T58 to T59.
  - 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.
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).

Priorit 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 fifteen 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 fifteen 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.
REQUEST FOR DOCUMENTS AND INFORMATION


Combined Shareholders’ Meeting

Thursday May 23, 2019

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

Return this application to Société Générale – Shareholders’ Meetings Department – CS 30812 – 44308 Nantes Cedex 3

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

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

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

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

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

Postal Code ...........................................................................................................................................................

City ......................................................................................................................................................................

Owner of ...........................................................................................................................................................

Company-registered shares

bearer shares(2)

or shares registered with a financial intermediary


Place ........................................................................................................... , date .................................................. 2019

Shareholder’s signature: ........................................................................................................................................

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

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

(2) Attach a copy of the shareholding certificate (attestation de participation) issued by the intermediary in charge of managing your securities.
Valeo

Joint-stock company (société anonyme)
with capital of €240,253,100
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Institutional investor relations

Thierry Lacorre
Investor Relations Director

To arrange a meeting, please contact:
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Individual shareholder relations

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