



February 18, 2016

Information regarding the compensation of the Chairman and Chief Executive Officer, as determined by the Board of Directors on February 18, 2016

On February 18, 2016, the Board of Directors unanimously decided to appoint Jacques Aschenbroich as Chairman of the Board of Directors, thus combining the roles of Chairman and Chief Executive Officer (CEO) of Valeo.

At the same meeting, the Board of Directors also set the compensation policy for the 2016 financial year applicable to Jacques Aschenbroich in his capacity as Chairman and CEO, as well as the variable compensation to which he is entitled as CEO for the financial year ended December 31, 2015.

1. Annual fixed compensation of Jacques Aschenbroich for the financial year ending December 31, 2016

Further to the recommendation of the Appointment, Compensation and Governance Committee, the Board of Directors decided to set the annual fixed compensation of Jacques Aschenbroich at EUR 1,000,000, with effect from February 18, 2016, as a result of his appointment as Chairman and CEO. His previous fixed compensation amounted to EUR 900,000, pursuant to a decision of the Board of Directors dated June 8, 2011.

This compensation of the Chairman and CEO was determined on the basis of the responsibilities assumed and the compensation received by chief executives of comparable companies.

2. Variable component of the compensation of Jacques Aschenbroich for the financial years ended December 31, 2015 and December 31, 2016

a. Variable compensation for the financial year ended December 31, 2015

Upon recommendation of the Appointment, Compensation and Governance Committee, the Board of Directors held on February 18, 2016 noted that all of the quantitative and qualitative criteria set for the financial year ended December 31, 2015 had been met and that, accordingly, the variable compensation of Jacques Aschenbroich for the financial year ended December 31, 2015 amounts to 135% of his annual fixed compensation paid, namely, EUR 1,215,000.

b. Variable compensation for the financial year ending December 31, 2016

Upon recommendation of the Appointment, Compensation and Governance Committee, the Board of Directors decided that the variable compensation payable to Jacques Aschenbroich for his role as Chairman and CEO for the financial year ending December 31, 2016 would be conditional upon the same quantitative and qualitative criteria as those set for the financial year ended December 31, 2015.

The following table presents these criteria and indicates, for each of them, the maximum amount of the variable part expressed as a percentage of the annual fixed compensation.

Quantitative criteria		
Nature of the criterion	Maximum amount of the variable part as a % of the annual fixed compensation	
Operating margin	23%	115%
Operating cash	23%	
Net income	23%	
Rate of return on capital employed (ROCE)	23%	

Valeo group's order intake	23%	
Qualitative criteria		
Nature of the criterion	Maximum amount of the variable part as a % of the annual fixed compensation	
Financial communication	11%	55%
Strategic vision	22%	
Risk management	22%	
TOTAL		170%

Upon recommendation of the Appointment, Compensation and Governance Committee, the Board of Directors confirmed that the maximum variable compensation for the financial year ending December 31, 2016 may not exceed 170% of the annual fixed compensation of Jacques Aschenbroich.

The Chairman and CEO will not receive any multi-year or deferred variable compensation.

3. Commitments made by the Company to Jacques Aschenbroich

a. Severance payment

Jacques Aschenbroich informed the Board of Directors of his wish to renounce, upon his appointment as Chairman and CEO, the benefit of his severance payment, which was renewed and amended by the Board of Directors on February 24, 2015 and approved by the General Shareholders Meeting on May 26, 2015.

b. Non-competition payment

Upon recommendation of the Appointment, Compensation and Governance Committee, the Board of Directors confirmed on February 18, 2016 that the non-competition clause authorised by the Board of Directors and approved by the General Shareholders Meeting with respect to Jacques Aschenbroich in connection with his role as CEO will continue to be in force.

c. Pension plan

Pursuant to article L. 225-42-1 of the French Commercial Code, the Board of Directors decided that the Chairman and CEO will continue to qualify for the supplementary defined benefits pension plan established and financed by Valeo.

Upon recommendation of the Appointment, Compensation and Governance Committee and pursuant to article L. 225-42-1 of the French Commercial Code, the Board of Directors further decided that the acquisition of additional pension rights as part of the supplementary defined benefits pension plan for the period of February 19, 2016 to December 31, 2016 will be conditional upon performance, namely, if the variable part of the compensation paid to the Chairman and CEO in 2017 for the 2016 financial year is equal to 100% of the fixed compensation payable for the 2016 financial year. Failing this, the calculation of the rights allocated will be made on a pro rata basis.

d. Performance shares

Upon recommendation of the Appointment, Compensation and Governance Committee, the Board of Directors confirmed that the IFRS value of performance shares allocated from 2016 to Jacques Aschenbroich must not exceed a maximum amount of 270% of his fixed compensation, these allocations remaining subject to (i) presence condition, (ii) the fulfilment of strict performance

conditions and (iii) specific criteria (vesting and holding periods consistent with market practices; additional retention obligation).

e. Other benefits in kind

The Board of Directors decided to maintain the other benefits afforded to Jacques Aschenbroich in his capacity as CEO, namely, a company car, unemployment insurance referred to as *Garantie Sociale des Chefs et Dirigeants d'Entreprise* and an annual contribution for supplementary health, life and disability insurance.