



Information relating to the components of the Chairman and Chief Executive Officer's compensation for the financial year ended December 31, 2019 as determined by the Board of Directors on March 24, 2020

Further to the recommendation of the Compensation Committee, the Board of Directors, at the meeting held on March 24, 2020 (i) determined Jacques Aschenbroich's variable compensation for his duties as Chairman and Chief Executive Officer for the financial year ended December 31, 2019 and (ii) acknowledged the degree of achievement of his pension plan's performance condition for the financial year ended December 31, 2019.

I. Jacques Aschenbroich's variable compensation for the financial year ended December 31, 2019

Further to the recommendation of the Compensation Committee, the Board of Directors assessed the degree of achievement of the quantifiable and qualitative criteria of Jacques Aschenbroich's variable compensation in respect of the financial year ended December 31, 2019. The components of this compensation were set by the Board of Directors on February 21, 2019 acting on the recommendation of the Compensation Committee and approved at a rate of 91.92% by the General Shareholders' Meeting of May 23, 2019 as part of the vote on the 2019 compensation policy (tenth resolution) (the "**2019 Compensation Policy**").

The annual variable compensation due to Jacques Aschenbroich for the financial year ending December 31, 2019 therefore amounts to 105 % of the annual fixed compensation due to him for this financial year, i.e. 1 113 791 euros, out of a maximum percentage of 170% of the fixed compensation that the variable compensation can represent for that financial year.

The following table summarises the applicable quantifiable and qualitative criteria, the degree of achievement of each quantifiable criterion, the entitlement relating to each of these criteria in terms of percentage of the annual fixed compensation, and the maximum variable compensation for the financial year ending December 31, 2019:

Quantifiable criteria ⁽¹⁾			
Nature of the quantifiable criterion	Maximum amount of the variable part as a % of annual fixed compensation	Amount of the variable part obtained a % of annual fixed compensation ⁽³⁾	Percentage of achievement of the criterion
Operating margin rate	25%	0% ⁽⁴⁾	0%
Free cash flow	25%	25% ⁽⁵⁾	100%
Net income	20%	0% ⁽⁶⁾	0%
ROCE rate	20%	11% ⁽⁷⁾	55%
Group order intake	25%	21.50% ⁽⁸⁾	86%
TOTAL QUANTIFIABLE CRITERIA	115%	57.50%	50%
Qualitative criteria			
Nature of the qualitative criterion	Maximum amount of the variable part as a % of annual fixed compensation	Amount of the variable part obtained as a % of annual fixed compensation	
<p>Strategic vision</p> <p><i>This criterion is assessed in the light of:</i></p> <ul style="list-style-type: none"> ■ financial analysts' assessment; ■ strategic operations carried out by Valeo and integration of recent acquisitions; ■ the increase in the share of "innovative" products⁽²⁾ in the order intake for the financial year; ■ the evaluation of the technology road map presented during the strategic seminar, and its impact in terms of R&D and human resources. 	20%	14.50% ⁽⁹⁾	
<p>Risk management</p> <p><i>This criterion is assessed, in particular, in the light of:</i></p> <ul style="list-style-type: none"> ■ the continued and intensified measures to reinforce the compliance policy; ■ the management of risks related to new product launches and customer disputes; ■ the transformation of the company (industrial, human resources) to adjust to products and technology developments. 	15%	15% ⁽¹⁰⁾	
<p>Corporate Social Responsibility</p> <p><i>Progress achieved by Valeo in particular via the following key indicators:</i></p> <ul style="list-style-type: none"> ■ number of disabled employees; ■ diversity (gender/age). <p><i>Assessment of overall safety performance, in particular via the following key indicators:</i></p> <ul style="list-style-type: none"> ■ number of accidents resulting in medical leave; ■ reduction in number of category 1 accidents (death, amputation, major trauma, invalidity/incapacity) and category 2 accidents (substantial material damage and quasi-major accident). <p><i>Evolution of Valeo original equipment sales of products that reduce CO₂</i></p>	20%	[18]% ⁽¹¹⁾	

<i>emissions.</i>		
TOTAL QUALITATIVE CRITERIA	55%	47.50%
TOTAL QUANTIFIABLE AND QUALITATIVE CRITERIA	170%	105%

- (1) *Excluding tax and regulatory impact.*
- (2) *Products or technologies in series production for less than three years.*
- (3) *It is understood that for each quantifiable criterion, the variable part ranges from 0% to 100% of the maximum amount of annual fixed compensation that may be obtained for this criterion.*
- (4) *2019 operating margin rate, in line with the Group's guidance, amounting to 5.80% of sales in 2019, excluding the Top Column Modules business and excluding the impact of the strike at General Motors.*
- (5) *Generation of free cash flow in 2019 amounting to 504 million euros.*
- (6) *2019 net income amounting to 313 million euros.*
- (7) *2019 ROCE rate of 13%.*
- (8) *2019 order intake worth 22.8 billion euros, including 0.8 billion of orders acquired by Valeo Siemens eAutomotive.*
- (9) *Some of the factors considered include: the assessment of financial analysts highlights medium-term objectives (excluding Valeo Siemens eAutomotive) communicated by Valeo in line with the consensus, and even higher in the case of the EBITDA objective. With regard to strategic operations, Valeo initiated in 2019 certain significant reorganizations, in particular the withdrawal from the Top Column Modules product line. For "innovative" products, the order intake rate is particularly high (47%), reflecting the success of Valeo's technological platform developments. Lastly, the technological roadmap presented at the strategic seminar led Valeo to prioritize the allocation of its resources to 12 key technological platforms, enabling it to consolidate its position as leader as regards powertrain electrification and driver assistance systems.*
- (10) *Some of the factors considered include: Valeo's compliance policy has significantly evolved in 2019 through various actions including: development of the anti-corruption program with the establishment of an even more robust "conflicts of interest" policy, the development of the personal data protection compliance program and the adjustment of export control procedures. The "Compliance 2019" campaign to raise awareness and train employees with respect to the compliance policy was a success, with 99.9% of the target population (30 000 engineers and managers) having participated in one month. Risk management in 2019 was characterized by the following: the strengthening of project governance, the reduction of provisions for customer disputes and the success of certain critical projects, notably Valeo Siemens eAutomotive and the Comfort and Driving Assistance Systems Business Group. In addition, the On Time Indicator (OTI) increased to reach 88%, representing a 34 points improvement compared to the end of 2018. Lastly, Valeo's transformation continued in 2019, both from an industrial and human resources point of view, notably through rigorous control of investments, the implementation of its automation plan and the launch of "My Learning", a "Learning Management System" to develop the training on offer for employees.*
- (11) *Some of the factors considered include: in 2019, Valeo made significant progress in terms of corporate social responsibility. The percentage of women hired continued to rise thanks to the Group's diversity and recruitment initiatives. Valeo also further strengthened its commitment to gender equality by becoming the first French company to calculate the gender equal pay index worldwide, an initiative welcomed by the French Employment Minister. The gender equal pay index is high and rising for all employees in France and worldwide. 2019 is also marked by Valeo's best ever performance in terms of the number of accidents resulting in medical leave per million hours worked. The number of category 1 and category 2 accidents has also decreased. Finally, Valeo pursued its ambition in terms of sustainable development with an increase in its total original equipment sales of products that reduce CO₂ emissions (57% of total sales in 2019 versus 50.6% of total sales in 2018).*

Pursuant to article L. 225-100 of the French Commercial Code, the Chairman and Chief Executive Officer's variable compensation for the 2019 financial year will only be paid after the General Shareholders' Meeting held to approve the 2019 financial statements has approved the fixed, variable and exceptional components of the overall compensation and benefits of all kind paid or granted to the Chairman and Chief Executive Officer for the 2019 financial year (*ex post* vote).

II. Jacques Aschenbroich's pension plan

Acting on the recommendation of the Compensation Committee, the Board of Directors decided on March 21, 2019 that the acquisition of conditional supplementary pension benefits by the Chairman and Chief Executive Officer under the pension plan in place since January 1, 2010 would be subject to the same performance condition as the one set for the financial year ended December 31, 2018. This condition is deemed to be satisfied if the variable part of the compensation paid in year Y+1 for year Y is at least equal to 100% of the fixed compensation owed for year Y. If the variable part does not reach 100% of the fixed compensation, the rights granted would be calculated on a pro rata basis. The terms governing this compensation component were approved by the General Shareholders' Meeting on May 23, 2019 as part of the 2019 Compensation Policy (tenth resolution).

For the financial year ending December 31, 2019, the Board of Directors, on the recommendation of the Compensation Committee, acknowledged on March 24, 2020 that this condition had been fully satisfied.