2019 Integrated Report
THE VALEO INTEGRATED REPORT

For the fifth year running, Valeo has elected to use integrated reporting to present its business model. From the vantage point of Group strategy, the report provides an overview of the mechanisms through which its financial and non-financial performance, governance and outlook within its ecosystem contribute to short-, medium- and long-term value creation. The report is based on the International Integrated Reporting Framework published by the IIRC (International Integrated Reporting Council). It addresses all of the Group’s stakeholders, namely employees, customers, suppliers, the financial community, institutional and non-governmental organizations, and other local partners. The report covers the Group’s financial, sales and non-financial performance over the 2019 financial year, as well as its medium-term projections.
MESSAGE FROM
JACQUES ASCHENBROICH
Chairman and Chief Executive Officer
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GLOSSARIES 48
Our strategy [...] has paid off. The Group is now the leader in the areas of electrification and advanced driving assistance systems.
2019, a pivotal year for Valeo

2019 was a pivotal year for Valeo, in which the 12 new technological platforms we created and presented at our Investor Day on December 10, 2019 got up and running. This means that the considerable investments – 1.1 billion euros(1) – that we have made to this end over the last few years are now behind us.

In 2019, we began to reap the rewards of these new technological platforms, as demonstrated by our significant outperformance versus the automotive market by 6 percentage points over the year and 8 percentage points in the second half, while reducing our Research and Development costs and our capital expenditure.

Thanks to the rollout and use of the platforms, we were able to significantly improve our free cash flow, generating 519 million euros over the year, and bring our EBITDA and operating margin, excluding the Top Column Module (TCM)(2) business and the impact of the General Motors strike, to 13.2% and 5.8% of sales, respectively.

These results clearly show that, in a tough automotive market, we are able to grow faster than the market, finance our expansion and support the development of our Valeo Siemens eAutomotive joint venture.

2020, a year marked by the Covid-19 pandemic

In light of the Covid-19 pandemic affecting all our operations worldwide, our priority is to ensure the health and safety of our employees and their families. With this in mind, we have put in place a safety protocol combining proven best practices in China, South Korea and Japan, where activity has resumed under optimal conditions. This mandatory protocol is now applicable consistently across all Valeo sites worldwide.

As part of its commitment in the fight against Covid-19, Valeo has provided resources to a consortium of French industrial companies led by Air Liquide, Schneider and Groupe PSA for the manufacture of 10,000 ventilators, and has donated 30,000 FFP2/FFP3 masks to a number of hospitals.

In the face of a crisis that is unprecedented both in its scope and impact, we are adapting our production capacity to address production stoppages at customer sites on our main markets. We have taken measures to variabilize our costs and drastically reduce investments at our plants, headquarters and R&D centers, including short-time working. Naturally, we will continue to maintain strict control over costs when operations resume. In terms of cash, Valeo has negotiated credit lines for an additional 1 billion euros with its main banks, and therefore currently has 2.3 billion euros in undrawn credit lines, enabling it to withstand any prolongation of the current crisis. The Group has a solid financial position with significant headroom under its bank covenant(6).

In the current period of uncertainty, Valeo’s Board of Directors has decided to ask shareholders to approve a dividend payout of 0.2 euros per share.

Strong growth outlook in the areas of powertrain electrification and ADAS

Our strategy of positioning Valeo in the most dynamic market segments has paid off. The Group is now the leader in the areas of powertrain electrification and advanced driving assistance systems (ADAS).

To succeed in our planned areas of development, the 12 new technological platforms we have created now give us a major competitive edge. The massive investments required put up high barriers to entry on our various markets; their innovative features make for ideal positioning on the most dynamic market segments and a considerable increase in our average content per vehicle, and the economies of scale and productivity gains they generate mean we can reduce our Research and Development costs and our capital expenditure.

We intend to take advantage of these technological platforms in a number of ways over the long term, particularly by outperforming global automotive production, and improving our profitability and our free cash flow generation.

I am convinced that Valeo has adopted the best strategy and remain confident in its ability to maintain its momentum in the long term by leveraging its technological platforms and industrial expertise.

I would like to wholeheartedly thank the Group’s 114,700 employees for their unwavering commitment in this very challenging time. I would like to assure them that they have the Group’s support during the current unprecedented health crisis.

April 27, 2020

(1) Of which 600 million euros for Valeo Siemens eAutomotive.
(2) On October 24, 2019, Valeo announced it would withdraw from the Top Column Module (TCM) business.
(3) Net debt to EBITDA (calculated over a 12-month rolling period) of <3.5.
**Outperformance**

+10pts

OE sales +6%

Outperformance 0pt

OE sales -6%

Outperformance +5pts

OE sales +1%

Outperformance +9pts

OE sales +5%

WORLD

Outperformance +6pts

OE sales stable

**Original Equipment Sales**: Growth, Outperformance* and Breakdown by Destination Region

*Based on IHS automotive production estimates released on January 16, 2020/CPCA estimates for data relating to China.

**See financial glossary, page 48.**
**KEY FIGURES**

### ORDER INTAKE

*In billions of euros*

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>24.2</td>
<td>22.2</td>
</tr>
</tbody>
</table>

47% of orders for innovative products and systems in 2019

* Products and technologies in series production for less than three years, including Valeo Siemens eAutomotive.

### OPERATING MARGIN*

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,203</td>
<td>1,034</td>
</tr>
<tr>
<td>Margin</td>
<td>6.3%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

In 2019, 5.8% excluding the TCM business and the impact of the General Motors strike.

* Excluding share in net earnings of equity-accounted companies.

### TOTAL EBITDA® AND EBITDA BY BUSINESS GROUP

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMFORT &amp; DRIVING ASSISTANCE SYSTEMS</td>
<td>2,410</td>
<td>2,496</td>
</tr>
<tr>
<td>POWERTRAIN SYSTEMS</td>
<td>14.0%</td>
<td>16.4%**</td>
</tr>
<tr>
<td>THERMAL SYSTEMS</td>
<td>13.1%</td>
<td>13.4%</td>
</tr>
<tr>
<td>VISIBILITY SYSTEMS</td>
<td>11.8%</td>
<td>11.0%</td>
</tr>
</tbody>
</table>

### BASIC EARNINGS PER SHARE AND DIVIDEND PER SHARE

*In euros*

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share</td>
<td>2.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>1.25</td>
<td>0.2*</td>
</tr>
</tbody>
</table>

In 2019, basic earnings per share excluding non-recurring items** of €1.9

* Excluding the TCM business.

** In the current period of uncertainty caused by the Covid-19 pandemic, Valeo’s Board of Directors has decided to ask shareholders to approve a dividend payout of 0.2 euros per share.

### FREE CASH FLOW*

*In millions of euros*

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow</td>
<td>161</td>
<td>519</td>
</tr>
</tbody>
</table>

### ROCE*

*(Return on capital employed)*

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROCE</td>
<td>19</td>
<td>13</td>
</tr>
</tbody>
</table>

As a %

### ROA*

*(Return on assets)*

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>12</td>
<td>8</td>
</tr>
</tbody>
</table>

As a %

* See financial glossary, page 48.

** See financial glossary, page 48.

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**FOR MORE INFORMATION**


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Valeo Integrated Report — 2019
SUSTAINABLE DEVELOPMENT PERFORMANCE (1)

RESEARCH AND DEVELOPMENT EXPENDITURE
DRIVING CLEANER, SAFER AND SMARTER MOBILITY

**GROSS RESEARCH AND DEVELOPMENT EXPENDITURE**
In millions of euros and as a % of original equipment sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>% of OES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2,073</td>
<td>13.0%</td>
</tr>
<tr>
<td>2019</td>
<td>2,054</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

**ORIGINAL EQUIPMENT SALES DERIVED FROM PRODUCTS CONTRIBUTING TO CLEANER, SAFER MOBILITY**
As a % of original equipment sales

- 36% Safer
- 57% Cleaner
- 7% Other

19,900 Research and Development employees
- 12,600 employees
- 7,000 software engineers

1,261 experts
1,698 patents filed in 2019
- ~5 patents filed per day

GOVERNANCE

- 95% average attendance rate at Board of Directors’ meetings
- 92% of directors are independent
- 42% of the Board of Directors’ members are women

SOCIAL FOOTPRINT

- 99.8% of people concerned by the fight against corruption were trained
- 79% of sites have partnerships with the world of higher education

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* Including Valeo Siemens eAutomotive.
** In accordance with the AFEP-MEDEF Code, this figure does not include the director representing employees.
*** In accordance with Article L.225-27-1, II of the French Commercial Code (Code de commerce), this percentage does not include the director representing employees.

(1) The performance chart presented in section “Sustainable development goals in the Group’s business” on page 39 of this report summarizes the Group’s sustainable development performance.
KEY FIGURES

ENVIRONMENTAL ECO-EFFICIENCY

<table>
<thead>
<tr>
<th>TOTAL DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) GHG EMISSIONS AS A PROPORTION OF SALES (TCO2/€M)</th>
<th>ENERGY CONSUMPTION (MWH/€M)</th>
<th>TOTAL WATER CONSUMPTION AS A PROPORTION OF SALES (CU.M/€M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>59.6</td>
<td>199</td>
<td>368</td>
</tr>
<tr>
<td>59.2</td>
<td>140</td>
<td>210</td>
</tr>
<tr>
<td>57.5</td>
<td>142</td>
<td>197</td>
</tr>
<tr>
<td>2009</td>
<td>2008</td>
<td>2008</td>
</tr>
<tr>
<td>2018</td>
<td>2018</td>
<td>2019</td>
</tr>
</tbody>
</table>

* See sustainable development glossary, page 48.

VALEO AND ITS EMPLOYEES

FREQUENCY RATE OF OCCUPATIONAL ACCIDENTS* (FR1)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>1.9</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>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.6</td>
<td>23.4</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.

82/100(1) gender equality index Group average
50% of employees are Valeo shareholders
471 collective bargaining agreements in force in 2019

(1) This index is based on the evaluation of five criteria, taking into account managers and professionals only:
- criterion 1: difference in compensation between men and women;
- criterion 2: difference in individual pay rises between men and women;
- criterion 3: difference in the percentage of men and women promoted;
- criterion 4: percentage of women employees receiving a pay rise after returning from maternity leave;
- criterion 5: percentage of women among the top ten highest paid employees.
SOLID GOVERNANCE IN SUPPORT OF STRATEGY

The Group’s growth model is based on a strong corporate governance structure, led by:
- the Board of Directors, whose members are all considered independent, with the exception of the Chairman and Chief Executive Officer and the director representing employees;
- the Lead Director;
- the Board’s Committees;
- the Chairman and Chief Executive Officer; and
- the Management Committees working alongside the Chairman and Chief Executive Officer, comprising the Executive Committee and the Operations Committee.

FOR MORE INFORMATION
See Chapter 3 of the 2019 Universal Registration Document, “Corporate Governance.”
Valeo’s governance structure allows the Group to define and implement its strategy in line with sustainable development commitments, while adhering to the strictest principles of compliance and ethics. This structure helps the Group manage risks and identify opportunities to drive sustainable growth.

### THE BOARD OF DIRECTORS IN SUPPORT OF THE GROUP’S STRATEGY

Composition of the Board of Directors at December 31, 2019

<table>
<thead>
<tr>
<th>Personal Information</th>
<th>Experience</th>
<th>Position on the Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Gender</td>
<td>Nationality</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Jacques Aschenbroich</td>
<td>65</td>
<td>M</td>
</tr>
<tr>
<td>Chairman and Chief Executive Officer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bruno Bézard</td>
<td>56</td>
<td>M</td>
</tr>
<tr>
<td>Stéphanie Frachet</td>
<td>42</td>
<td>F</td>
</tr>
<tr>
<td>Permanent representative of Bpifrance Participations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Éric Chauvirey</td>
<td>45</td>
<td>M</td>
</tr>
<tr>
<td>Director representing employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Maury Devine</td>
<td>68</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mari-Noëlle Jégo-Laveissière</td>
<td>51</td>
<td>F</td>
</tr>
<tr>
<td>General representative of employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gilles Michel</td>
<td>63</td>
<td>M</td>
</tr>
<tr>
<td>Lead Director since October 24, 2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thierry Moulonguet</td>
<td>68</td>
<td>M</td>
</tr>
<tr>
<td>Lead Director until October 24, 2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Georges Paugtet</td>
<td>72</td>
<td>M</td>
</tr>
<tr>
<td>Lead Director since October 24, 2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Olivier Piou</td>
<td>61</td>
<td>M</td>
</tr>
<tr>
<td>Patrick Sayer</td>
<td>62</td>
<td>M</td>
</tr>
<tr>
<td>Ulrike Steinhorst</td>
<td>68</td>
<td>F</td>
</tr>
<tr>
<td>Véronique Weill</td>
<td>60</td>
<td>F</td>
</tr>
</tbody>
</table>

**Nationalities:** FR: French – US: American – DE: German

**FOR MORE INFORMATION**

See Chapter 3 of the 2019 Universal Registration Document, “Corporate Governance”.

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N/A = Not applicable.

(1) Except for the directorship in the Company.

(2) ARC = Audit & Risks Committee; GACSRC = Governance, Appointments & Corporate Social Responsibility Committee; CC = Compensation Committee; SC = Strategy Committee.

(3) These shares are held by Bpifrance Participations.

(4) 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.

(5) The director representing employees does not count, in accordance with the recommendation in Article 9.3 of the AFEP-MEDEF Code.

(6) Georges Paugtet does not intend to stand for reappointment at the Shareholders’ Meeting on June 25, 2020.
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.

At December 31, 2019, the Board of Directors’ 13 members 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. 42% of the Board’s members are women and 92% are under 70 and, except for the director representing employees, who is not included in the calculation, all of them except the Chairman and Chief Executive Officer are considered independent(1) according to the criteria set out in both the Internal Procedures and the AFEP-Medef Code to which Valeo refers.

Gilles Michel, an independent director, is Lead Director and Chairman of the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee. The assessment of the Board of Directors was performed by an outside firm the previous year. Accordingly, the Board decided to conduct the 2019 assessment internally.

The assessment was carried out between the end of 2019 and the beginning of 2020 by the Lead Director supported by the Secretary of the Board of Directors, using a questionnaire given to all directors to obtain their insight into the operating procedures of the Board and their suggestions for improvement. The topics covered included the operation, structure, governance, composition and duties, Board meeting procedures, directors’ access to information, the choice of matters addressed, the quality of debate, and the participation in and general running of the Board Committees.

The outcome of the assessment was reviewed by the Governance, Appointments & Corporate Social Responsibility Committee at its meeting on March 24, 2020, and presented and discussed at the Board of Directors’ meeting held on March 24, 2020.

The assessment revealed that its members are unanimously satisfied with the Board of Directors’ operation. The main areas of satisfaction include:

- the maturity, dynamism and quality of the Company’s governance;
- General Management, considered to be suited to the current situation of the Company, thanks to the role carried out by Jacques Aschenbroich and the Lead Director, who contributes to balanced governance;
- the composition of the Board of Directors, guaranteeing a complementary mix of profiles and solid expertise and experience;
- involvement of new directors;
- the management of succession and renewal plans for the Board of Directors, which has been astutely prepared, particularly due to the carefully selected new members;
- more generally, the quality, interactive nature and content of discussion, and the genuine openness of the Chairman and the members of Management ensure a continued high quality and degree of freedom in debates and discussions;
- the efficient operation of the Board Committees and the effective teamwork achieved by them;
- the strategy seminar in India, considered a key moment for the Board of Directors, as it provides genuine insight into Valeo’s strategy and is an excellent opportunity for discussion with the management team and the Group’s main executive managers;
- the usefulness of “executive sessions”, which tackle a variety of key topics.

The Board of Directors continued to work on how best to evolve its composition. In this respect, it proposed to continue its drive to encourage diversity in terms of gender, profiles and skills. The arrival of new directors also revealed the importance of creating a strong induction and training framework. Various recommendations were made about organizational aspects and the matters which the Board of Directors wished to address on a priority basis.

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(1) In accordance with Article L. 225-27-I, II of the French Commercial Code (Code de commerce), this percentage does not include the director representing employees.
(2) For more information, see section “Director independence review”, of the 2019 Universal Registration Document, page 108.
The Board of Directors has set up committees to enhance its operating procedures and provide assistance with preparing its decisions by issuing recommendations and opinions.

### Roles of the Board of Directors’ Four Committees at December 31, 2019

**Audit & Risks Committee**
- 6 independent members out of 6
- 5 meetings
- 96% attendance rate

**Compensation Committee**
- 6 independent members out of 6
- 5 meetings
- 94% attendance rate

**Governance, Appointments & Corporate Social Responsibility Committee**
- 6 independent members out of 6
- 5 meetings
- 94% attendance rate

**Strategy Committee**
- 5 independent members out of 5
- 4 meetings
- 85% attendance rate

- Ensure that the accounting policies adopted to prepare the consolidated and parent company financial statements are relevant, consistent and properly applied.
- Review the financial and accounting treatment of acquisitions or disposals in excess of 50 million euros.
- Monitor the implementation and efficiency of all mechanisms designed to improve the Group’s control environment, in particular risk management, internal control, compliance and internal audit.
- Ensure that the rules, principles and recommendations aimed at guaranteeing the independence of the Statutory Auditors are adhered to.
- Supervise the procedure for selecting or renewing the Statutory Auditors.
- Seek regular updates on the Group’s financial position and on the main threats of the Group’s finance and tax policies.
- Remain informed of the Group’s insurance, IT system governance, IT security and cybersecurity policies as well as the organization of the finance teams and the succession plans for their members.
- Review external financial communications prior to their publication.

- Review and make recommendations concerning the compensation paid to executive corporate officers, including the variable portion of said compensation and any benefits in kind, performance shares and stock options from any Group companies, provisions relating to post-employment benefits, and any other benefits of any kind.
- Make recommendations to the Board on the rules for allocating directors’ compensation and the individual amounts to be paid.
- Recommend to the Board of Directors an aggregate amount of directors’ compensation to be proposed at the Shareholders’ Meeting.
- Give its opinion to the Board of Directors on general policy as well as stock option and free share or performance share plans set up by the Group’s General Management.
- Remain informed about the compensation policy for the main executive managers who are not corporate officers of the Company or of other Group companies.
- Review any questions submitted to the committee by the Chairman about the above matters, as well as proposed share issues reserved for employees.

- Analyze how the Board of Directors and its Committees operate.
- Assess and update corporate governance rules.
- Prepare the composition of the governing bodies, by making reasoned recommendations regarding the appointment of executive corporate officers, directors and committee members.
- Draw up a succession plan for executive corporate officers and directors.
- Review the independence of each director.
- Select candidates for the position of director.
- Review CSR and safety policy, identify CSR objectives and challenges, and ensure that previously defined objectives are met.
- Gain an understanding of the risks related to corporate social responsibility issues and stay informed regarding the resources the Group can call on to pursue strategy in this area.
- As required, issue opinions and recommendations to help the Board make informed decisions.

- Issue opinions and recommendations on the Group’s key strategies, market trend information, research developments, competition benchmarking and the resulting medium- and long-term outlook for the business.
- Issue opinions and recommendations on the analysis of the Group’s development projects, particularly external growth transactions, investments or borrowings in excess of 50 million euros per transaction.
TWO MANAGEMENT COMMITTEES TO IMPLEMENT THE GROUP’S STRATEGY

COMPOSITION OF THE EXECUTIVE COMMITTEE AND THE OPERATIONS COMMITTEE
(Executive Committee members are indicated by an asterisk)

AT DECEMBER 31, 2019

Jacques Aschenbroich
Chairman and Chief Executive Officer

Geoffrey Bouquot
Vice-President, Corporate Strategy and External Relations
since 2016

Fabienne de Brébisson
Vice-President, Communications
since 2011

Robert Charvier
Chief Financial Officer
since 2010

Catherine Delhaye
Chief Ethics and Compliance Officer
since 2012

Éric Antoine Fredette
General Counsel and General Secretary
since 2015

Bruno Guillemet
Senior Vice-President, Human Resources
since 2015

Hans-Peter Kunze
Senior Vice-President, Sales & Business Development
since 2018

Christophe Périllat
Chief Operating Officer
since 2011

Jean-François Tarabbia
Senior Vice-President, Research & Development and Product Marketing
since 2013

Xavier Dupont
President, Powertrain Systems Business Group
since 2015

Maurizio Martinelli
President, Visibility Systems Business Group
since 2014

Francisco Moreno
President, Thermal Systems Business Group
since 2017

Éric Schuler
President, Valeo Service
since 2016

Marc Vrecko
President, Comfort & Driving Assistance Systems Business Group
since 2011

(1) Member of the Operations Committee and Secretary of the Executive Committee.
The Executive Committee coordinates and provides guidance on the various functions of the Group’s General Management

The Executive Committee works alongside the Chairman and Chief Executive Officer and the Operations Committee. It has eight members (6 men and 2 women) and meets on a weekly basis. Its role is to drive, guide and coordinate the various functions of the Group’s General Management through multi-functional discussion.

The Operations Committee coordinates the Group's management and operations

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

### Balanced compensation to support short- and long-term value creation

The compensation policy for Valeo’s executive managers is tied to the Group’s performance as well as its short- and long-term value creation. The criteria used to calculate executive managers’ compensation are aligned with the Group’s financial objectives and take into account non-financial performance, relating in particular to certain corporate social responsibility criteria, in the case of the Chairman and Chief Executive Officer.

FOR MORE INFORMATION

See Chapter 3 of the 2019 Universal Registration Document, "Corporate Governance".

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<table>
<thead>
<tr>
<th>Fixed portion</th>
<th>Variable portion</th>
<th>Performance shares</th>
<th>Supplementary pension</th>
<th>Fixed + variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman and CEO/members of the Operations Committee</td>
<td>Corporate officers other than the Chairman and CEO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>Cash</td>
<td>Shares</td>
<td>Cash</td>
<td>Cash</td>
</tr>
<tr>
<td>Short-term</td>
<td>Short-term</td>
<td>Long-term</td>
<td>Long-term</td>
<td>Short-term</td>
</tr>
<tr>
<td>Continuous</td>
<td>1 year</td>
<td>3 years</td>
<td>Continuous</td>
<td>Continuous</td>
</tr>
<tr>
<td>Chairman and CEO: Board of Directors on recommendation of the Compensation Committee(1)</td>
<td>Chairman and CEO: Board of Directors on recommendation of the Compensation Committee(1)</td>
<td>Board of Directors on recommendation of the Compensation Committee(1)</td>
<td>Board of Directors on recommendation of the Compensation Committee, which sets the eligibility criteria(1)</td>
<td></td>
</tr>
<tr>
<td>Members of the Operations Committee: Chairman and CEO in liaison with the Compensation Committee and the Board of Directors</td>
<td>Members of the Operations Committee: Chairman and CEO in liaison with the Compensation Committee and the Board of Directors</td>
<td>Board of Directors based on the aggregate amount approved by the Shareholders’ Meeting, aggregate amount and terms of payment subject to an ex ante vote</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Not applicable | Chairman and CEO(2):  
- 5 financial criteria (operating margin rate, free cash flow, net income, ROCE rate, order intake(3))  
- qualitative criteria (strategic vision, risk management, corporate social responsibility)  
- Members of the Operations Committee: financial and non-financial criteria | 3 financial criteria(2) (ROA rate, operating margin rate, TSR(3)) | Chairman and CEO(2): supplementary retirement benefits allotted based on variable compensation | Attendance |
| | | | | Members of the Operations Committee: supplementary retirement benefits not subject to performance criteria |

(1) The compensation policy for the Chairman and Chief Executive Officer is subject to ex ante and ex post votes by the shareholders.
(2) Criteria applicable for 2019 compensation.
(3) See financial glossary, page 48.
### Compensation of Jacques Aschenbroich, Chairman and Chief Executive Officer, in 2019(1)

**Fixed portion**
- €1,060,753
- Excluding benefits in kind and supplementary pension

**Short-term**
**Variable portion €1,113,791**
- 105% of fixed compensation versus max. 170%

<table>
<thead>
<tr>
<th>5 quantitative criteria</th>
<th>(57.5% of fixed compensation versus max. 115%):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin (0% of fixed compensation versus max. 25%)</td>
<td></td>
</tr>
<tr>
<td>Free cash flow (25% of fixed compensation versus max. 25%)</td>
<td></td>
</tr>
<tr>
<td>Net income (0% of fixed compensation versus max. 20%)</td>
<td></td>
</tr>
<tr>
<td>ROCE (11% of fixed compensation versus max. 20%)</td>
<td></td>
</tr>
<tr>
<td>Consolidated order intake (21.5% of fixed compensation versus max. 25%)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3 qualitative criteria</th>
<th>(47.5% of fixed compensation versus max. 55%):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic vision (14.5% of fixed compensation versus max. 20%)</td>
<td></td>
</tr>
<tr>
<td>Risk management (15% of fixed compensation versus max. 15%)</td>
<td></td>
</tr>
<tr>
<td>Corporate social responsibility (18% of fixed compensation versus max. 20%)</td>
<td></td>
</tr>
</tbody>
</table>

**Long-term**
**Performance shares: 87,122 shares**
- €2,093,542(3) i.e., 190% of fixed portion versus max. 270%

- **Performance criteria:**
  - 2 internal criteria: ROA (maximum of 80% of the shares allotted, 40% for each),
  - 1 external criterion, TSR (maximum of 20% of the shares allotted).

- **Weighting/measurement of performance criteria:**
  - see Chapter 3 of the Universal Registration Document, section “Long-term compensation policy – Allotment of performance shares”, page 156.

- **3-year vesting period followed by a 2-year holding period.**

- **At the end of the holding period, at least 50% of the vested performance shares allotted must be held until the term of office expires.**

---

(1) Subject to ex post vote at the Shareholders’ Meeting to be held on June 25, 2020.
(2) See financial glossary, page 48.
(3) Performance shares measured in accordance with IFRS (unit value of 24.03 euros at the allotment date).
RISK MANAGEMENT, A KEY PRIORITY FOR VALEO

Organizational structure geared towards effective risk management
The Group's risk control system can be illustrated with the three lines of defense model.

Main risks identified
The main risks identified by Valeo are assessed based on their potential impact and likelihood of occurrence.

Operational and strategic risks
- Risks related to changes in the technological environment
- Risks related to the development and launch of new products
- Risks related to attracting and retaining talent
- Risks related to the quality and safety of products and services sold
- Cybersecurity and IT systems failure risk
- Industrial risks related to growth
- Risks related to the automotive equipment industry
- Supplier failure risk
- Environmental or technological risks

Legal risks
- Intellectual property risks (patents and trademarks)

Financial risks
- Commodity risk
- Foreign currency risk

FOR MORE INFORMATION
See Chapter 2 of the 2019 Universal Registration Document “Risks and Risk Management”.
Fair trade practices, mutual respect and integrity among partners, customers, suppliers and other stakeholders are the foundation of Valeo’s current and future success. The Group’s commitments in this area are formalized in its Code of Ethics and extended to third parties through the Valeo Business Partner Code of Conduct.

In this spirit, Valeo has since 2012 put together an extensive compliance program to prevent a number of risks related to inappropriate behavior, such as anti-competitive practices, acts of corruption and risks of economic sanctions.

Subject to continual improvement, the program now integrates the protection of personal data. It is run by the Ethics and Compliance Office and is based on a comprehensive framework that comprises awareness-raising tools and a whistleblowing system aimed at prevention and continuous improvement.

**Ethics and Compliance, everyone’s business**

- The Ethics and Compliance Office is tasked with proposing, managing, and coordinating the global and local implementation of the Compliance Program, as decided by the Operations Committee.
- Testimony to a strong commitment from the Chairman and Chief Executive Officer, the pursuit and deepening of initiatives to strengthen compliance policy is a criterion for evaluating the allocation of his variable compensation.
- The Audit & Risks Committee ensures, on behalf of the Board of Directors, that Valeo follows a full program that enables it to comply with the legislation and regulations applicable to the Group’s activities.
- The Executive Committee and Operations Committee are responsible for determining the focuses and priorities of the Compliance Program, allocating the funds and resources necessary and ensuring that its implementation is supervised and verified.
- The Compliance Champions and Data Protection Champions promote the Group’s ethics and compliance policy and rules in cooperation with the management team in the Business Group, country and function to which they belong, as well as with the Ethics and Compliance Office.

“Compliance is now an integral part of Valeo’s culture. It is reflected in the constant vigilance of all, managers and employees alike, and an ongoing awareness-raising approach, especially for newcomers.”

*Data Protection Officer*
A comprehensive framework

Valeo’s commitments

- A Code of Ethics
- A Business Partner Code of Conduct
- Policies, procedures and practical guides

100% of employees that joined the Group in 2019 received a copy of the Code of Ethics

A preventive approach

- In-depth and targeted mandatory training on a continuous basis
- Regular internal audit and internal control operations
- A free whistleblowing hotline open to all employees and run by a specialist independent third party

98% of newomers completed the compliance training module

e-learning on personal data protection provided to almost 100% of managers and professionals

A whistleblowing and reporting mechanism

Since November 2013, Valeo has had an anonymous multilingual whistleblowing line, free of charge and open to all employees. At the end of 2017, Valeo improved and extended the whistleblowing system. Since then, the system has enabled whistleblowers inside or outside the Group to issue alerts relating to:

- suspected or proven cases of bribery or influence peddling, or suspected or proven breaches of the Valeo anti-corruption program or Code of Conduct;
- anti-competitive practices;
- harassment and/or discrimination;
- proven or suspected cases that may constitute:
  - a crime or offense,
  - a serious and manifest violation of an international commitment duly ratified or approved by the French government,
  - of a unilateral act of an international organization taken on the basis of such an undertaking, or of legal or regulatory provisions,
  - a threat or serious harm to the public interest,
- the existence or materialization of risks associated with corruption, serious violations of human rights and fundamental freedoms, personal health and safety, and the environment;
- the actual or suspected violation of a law or regulation in force.

Continuous improvement approach

- Regular assessment of the framework’s effectiveness
- Corrective action plans
- Regular overhaul and improvement of rules and policies

FOR MORE INFORMATION
Chapter 2 of the 2019 Universal Registration Document “Risks and Risk Management” and Chapter 4, section “Compliance policies and the fight against fraud”.

Valeo Integrated Report — 2019
Our environment is undergoing profound transformation, shaking up the way companies interact with their ecosystem. Cars today have to adapt to the contemporary way of life and the towns and cities of the 21st century, which are bigger, denser and come with new mobility needs. Aware of climate change issues and high levels of local pollution, local and national governments are ramping up environmental regulations. In turn, tighter regulations and the quickening pace of social and technological change have placed the automotive market at the epicenter of a triple revolution.

Climate change is central to concerns worldwide. The impact of global warming and the questions surrounding the corporate world's commitment to achieving carbon neutrality are pushing us to challenge the way we live and more particularly the way we move. But does this really mean the end of individual car ownership? Rather than jumping to conclusions, it's important to analyze trends over time and to distinguish between the urban and rural situations in each geographic area. With this in mind, let's not forget how attached consumers are to their private cars, which still play a key role in mobility in many regions. In rural France, for example, which represents 41% of the country's population, 76% of commuters use a private car to travel between home and work. Private vehicles are also the most frequently used mode of transportation in the world's main markets.

The use of cars by young people (aged 18 to 24) is evolving. The percentage of this generation with a driver's license has declined in the United States and Europe (to 60% in 2017 compared with 65% in 2013 in France, and to 60% in 2018 compared with 77% in 2006 in Italy), but risen in China (to 83% in 2018 from 70% in 2013).

Cities are playing a key role in this transformation by taking steps to meet the major transportation-related challenges. This notably means:

- reducing road accidents, the main cause of death among children and young adults;
- improving air quality, particularly given that air pollution in major cities is well above the thresholds recommended by the WHO;
- reducing noise pollution;
- reducing traffic congestion in urban areas.

Road traffic is increasing at an exponential rate as cities become more densely populated. In Beijing (China), an increase in population density of less than 1.5% has led to a 25% rise in traffic jams. In Berlin (Germany), the economic losses caused by road traffic congestion were estimated at 1.7 billion euros in 2018.

These general trends are driving a change in consumer habits, particularly in urban areas, and generating greater demand for shared, connected mobility solutions, designed as a service. New business models are therefore emerging to coexist alongside individual car ownership. Not all of these models seem to have achieved profitability. However, the emergence of micro-mobility solutions and shared mobility services is having an increasing impact on consumer behaviors.

New forms of mobility require the development of electric technologies and automation, creating numerous opportunities for Valeo and its strategy of deploying technological platforms.

GEOFFREY BOUQUOT
VICE/PRESIDENT, CORPORATE STRATEGY AND EXTERNAL RELATIONS

...AND THE AUTOMOTIVE MARKET IN PARTICULAR, WHICH IS SHIFTING TO MOBILITY THAT IS CLEANER, SAFER AND SMARTER

In an environment increasingly shaped by climate and safety concerns, national and regional automotive regulations are becoming increasingly stringent, resulting in a need to bring greener, safer vehicles to market. And these regulations are supported by consumer expectations.
CHANGES ARE TRANSFORMING THE MOBILITY LANDSCAPE...

Climate change is central to concerns worldwide. The impact of global warming and the questions surrounding the corporate world’s commitment to achieving carbon neutrality are pushing us to challenge the way we live and more particularly the way we move.

But does this really mean the end of individual car ownership? Rather than jumping to conclusions, it’s important to analyze trends over time and to distinguish between the urban and rural situations in each geographic area.

With this in mind, let’s not forget how attached consumers are to their private cars, which still play a key role in mobility in many regions. In rural France, for example, which represents 41% of the country’s population, 76% of commuters use a private car to travel between home and work. Private vehicles are also the most frequently used mode of transportation in the world’s main markets.

Nevertheless, the use of cars by young people (aged 18 to 24) is evolving. The percentage of this generation with a driver’s license has declined in the United States and Europe (to 60% in 2017 compared with 65% in 2013 in France, and to 60% in 2018 compared with 77% in 2006 in Italy), but risen in China (to 83% in 2018 from 70% in 2013).

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- cleaner
- safer
- and smarter

In an environment increasingly shaped by climate and safety concerns, national and regional automotive regulations are becoming increasingly stringent, resulting in a need to bring greener, safer vehicles to market. And these regulations are supported by consumer expectations.
AN ENVIRONMENT IN (R)EVOLUTION

ON THE ROAD TO CLEANER MOBILITY

Following the environmental commitments made by countries and political unions, such as the European Union, automakers could be fined if they fail to meet CO₂ reduction targets. Starting in 2021, the European Union’s Corporate Average Fuel Economy (CAFE) standards will apply to all automakers that sell vehicles in Europe. This follows the replacement of the NEDC test procedure with the Worldwide Harmonized Light Vehicle Test Procedure (WLTP), which is designed to provide more realistic fuel consumption and emission measurements.

The CAFE regulation will apply from January 1, 2021, based on 2020 sales figures for new passenger cars. It limits the average emissions generated by new vehicles sold from January 1, 2020, by all automakers to 95g of CO₂ per kilometer. The potential fines are significant. The penalty for each gram in excess of the average CO₂ emissions target is 95 euros per vehicle sold. In a market of 22 million vehicles, a deviation of one gram would therefore represent a penalty payment for automakers of more than 2 billion euros. According to our estimates, Europe will need around one million electric cars in 2020 to avoid the payment of CO₂ emissions penalties. In the same vein, cities across the world are also lining up as new regulators, adapting urban infrastructure and encouraging new mobility behaviors through coercive regulations and “nudges” intended to curb air (CO₂, nitrogen oxide [NOₓ] and fine particle emissions) pollution. Diesel engines are already being banned in cities today, and the same fate awaits all internal combustion engines in the not-so-distant future. There are currently 700 regulations restricting access to cities across the European Union, while Beijing (China) has introduced an odd-even license plate policy, quotas on new car sales and total driving restrictions for highly polluting vehicles on days of heavy pollution. Cities like Paris (France), Madrid (Spain), Athens (Greece) and Mexico City (Mexico) have committed to a full ban on diesel vehicles by 2025. Auckland (New Zealand), Barcelona (Spain), Cape Town (South Africa), Copenhagen (Denmark), London (England), Los Angeles (United States), Mexico City (Mexico), Milan (Italy), Quito (Ecuador), Seattle (United States), Vancouver (Canada) and Paris (France) have all pledged to phase out vehicles with internal combustion engines by 2030. At the same time, consumers are becoming increasingly open to electric vehicles, close to 42% would consider one for their next vehicle purchase. Electric vehicles offer a new user experience and are appreciated for their fast and efficient acceleration, the absence of noise and vibrations, the driving comfort they provide and, last but not least, the fact that they generate zero emissions. Cities’ policies and consumer buy-in have sent a strong signal to the entire automotive industry, pushing it to invest massively and to bring more environmentally friendly vehicles to market.
To meet the requirements imposed by new regulations and changing consumer expectations, automakers are expanding their portfolio of electric vehicles in Europe and China. The number of electric vehicle models on the market worldwide is expected to increase ten-fold, from 33 in 2019 to more than 300 in 2025(3).

The number of electric vehicles on the road is also increasing. In Europe, electric vehicles accounted for 2.2% of total vehicle sales in 2019, versus 1.8% in 2018 and 0.8% in 2015(2). In China, vehicle electrification is picking up pace. In a market that accounts for more than half of global vehicle sales, the electric vehicle penetration rate was 5.5% in 2019, versus 4.2% in 2018 and 0.8% in 2015(3). Worldwide, electric vehicles accounted for 2.4% of total vehicle sales in 2019, versus 2.1% in 2018 and 0.1% in 2015(2).

Diesel vehicles, on the other hand, continue to decline, accounting for just 32% of the passenger car market in Europe in 2019(3), compared to more than 50% in 2015. As internal combustion engines lose favor, the market is seeing a sharp rise in hybrid and electric vehicles, which are expected to account for 45% of the market in 2025 (74% in 2030), versus 16% today(1).

- Low- and medium-voltage (12V and 48V) solutions are an absolute necessity. The 48V powertrain system is a hybridization solution for all types of vehicles and a full electrification solution for urban vehicles. The 48V system, which can be used in all-electric and hybrid applications, has the advantage of being on average 50% more affordable than high-voltage (over 60V) motors, owing to a less complex architecture requiring less safety equipment. These solutions are expected to account for 23% of the market in 2025 and 34% in 2030, representing a potential market value of 15 billion euros(3).

- High-voltage (over 60V) all-electric powertrain solutions are designed for vehicles from the B segment upwards and allow for versatile vehicle usage, in towns and cities and on the freeway. These solutions are expected to account for 22% of the market in 2025 and 40% in 2030, representing a potential market value of 72 billion euros(3).

In addition, all-electric systems contribute to the development of smart mobility solutions. 48V all-electric motors are versatile, meaning they can be used to power not only cars, but also new urban mobility objects, autonomous shuttles, motorcycles and even the three-wheel rickshaw vehicles found on Asian markets. This market was worth 12 billion euros in 2018 and its value is expected to increase to 44 billion euros in 2030(3).

Together, these three markets (48V and high-voltage (over 60V) solutions for vehicles and electrification solutions for other mobility objects) are expected to represent a total addressable market for Valeo of more than 130 billion euros in 2030(4).

“Electrification is not just an option, it is irreversible.”

As a % of vehicles produced

<table>
<thead>
<tr>
<th>Year</th>
<th>48V electrification</th>
<th>High-voltage electrification</th>
<th>Internal combustion engines</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>16%</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>2025</td>
<td>45%</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>2030</td>
<td>74%</td>
<td>34%</td>
<td>26%</td>
</tr>
</tbody>
</table>

THE ELECTRIFICATION MARKET WILL REPRESENT €130BN IN 2030(1)

In billions of euros

48V: of which 48V and 12V-12V
High-voltage*: of which HV BEV, PHEV, FCEV and FHEV

Source: Valeo estimates, IHS, McKinsey.

(1) Valeo’s addressable market, excluding batteries.

** Source: CCFA; KBA; Faconauto; Anfia.

(2) Source: SMMT.

(3) Source: CFEA; KBA, Facanauto, Anfia.

(4) Based on Valeo estimates.
ON THE ROAD TO
safer mobility solutions

Every year, 1.35 million people die in road accidents. Initiated in Sweden in 1997, Vision Zero is now an international safety project that aims to eliminate fatalities and serious injuries. In response to these high community expectations, regulations are encouraging the emergence of new products and systems that ensure a safer mobility experience:

- in the United States, via the National Highway Traffic Safety Administration (NHTSA);
- elsewhere, via the Global New Car Assessment Program (Global NCAP).

The required technologies are ready to be rolled out to the market and consumers are ready to buy them. For 50% of consumers, compliance with high safety standards is the top priority when purchasing a new vehicle.

SAFETY, DRIVER OF GROWTH IN THE ADAS MARKET

Vehicle automation comes in successive stages, from level 0 (no automation) to level 5 (full automation) according to SAE International (Society of Automotive Engineers International).

Safety is the growth engine behind the ADAS and autonomous driving (AD) markets. A higher level of autonomy means a larger number of onboard sensors and more advanced functions, which means a higher average content per vehicle in value terms for Valeo (see graph below).

Buoyed by safety-related regulations and consumer expectations, the advanced driver assistance systems market is growing strongly.

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Buoyed by safety-related regulations and consumer expectations, the advanced driver assistance systems market is growing strongly.
The expected 30% increase in mobility needs between 2010 and 2050(1), as measured in passenger-kilometers, the large proportion of short trips (46% of trips in the United States cover a distance of less than 5 km) and the emergence of new modes of transportation, particularly in urban areas (scooters, electric bicycles, robotaxis, autonomous shuttles, delivery droids, etc.) are all generating new opportunities in the mobility market. As a result, new business models are emerging.

A HIGH-GROWTH MARKET(2)

Increase in mobility needs
30%
PKT expected to increase by 30% between 2010 and 2050

Emergence of new business models
46%
46% of trips in the United States cover a distance of >5km

“Mobility will be unrecognizable in the future: closely matched to individual needs, precisely sized to actual use, shared in some cases and emitting less CO2.”

(1) Based on Valeo estimates.
STRATEGY

Fully aware of the environmental issues at stake, Valeo develops innovations that are driving the future of mobility toward cleaner, safer, smarter solutions. Valeo has successfully adjusted its business model and seized the opportunities created by technological innovations to deliver new capabilities that are shaping the future of mobility. Valeo-designed products position the Group at the epicenter of the three revolutions disrupting today’s automotive industry.
INNOVATION: FUELING GROWTH AT VALEO

An acclaimed innovation strategy

With nearly 20,000 engineers, including 7,000 software engineers, a network of more than 200 experts in artificial intelligence and a global open innovation ecosystem(1), Valeo has demonstrated its ability to adapt to a changing environment. Through its investments in Research and Development, the Group is helping to make urban mobility safer and more sustainable by developing:

- environmentally responsible solutions that reduce vehicles’ fuel consumption and greenhouse gas emissions;
- intuitive solutions that minimize the risk of accidents and improve the driving experience.

This innovation strategy is recognized across the industry.

Valeo protects its innovations through an active patent filing policy: 1,698 patents were filed worldwide in 2019, representing nearly five inventions protected each day. Valeo has therefore been one of the biggest patent filers in France and Europe for the past few years.

An open innovation strategy

In recent years, Valeo has stepped up and internationalized its efforts to implement an innovation-oriented ecosystem by forming numerous collaborations with universities, laboratories, start-ups and other major companies working in manufacturing or the new economy.

Valeo demonstrates its ability to adapt to a changing environment. In recent years, Valeo has stepped up and internationalized its efforts to implement an innovation-oriented ecosystem by forming numerous collaborations with universities, laboratories, start-ups and other major companies working in manufacturing or the new economy. In line with this open innovation strategy, the Group launched Valeo.ai, the first global research center specializing in artificial intelligence and deep learning for automotive applications. Drawing on a network of 200 engineers, Valeo.ai offers invaluable opportunities for Valeo in onboard artificial intelligence. Based in Paris, Valeo.ai aims to become a key player in the mobility industry by leveraging close ties with a vast community of scientists and academics, such as the French national research institute for the digital sciences (INRIA), Telecom ParisTech, Mines ParisTech and the French Alternative Energies and Atomic Energy Commission (CEA).

Valeo is developing its own start-up and open innovation(1) ecosystem by investing in venture capital funds in Silicon Valley (United States), France, Germany, Israel and China and by acquiring direct stakes in innovative companies.

A sample of Valeo’s recent innovations

- **Valeo eDeliver4U** is an autonomous, electric delivery droid prototype developed in partnership with Meituan, China’s leading on-demand food delivery platform. The two parties will work together on autonomous delivery vehicles for last-mile delivery. Valeo and Dana Incorporated announced a global collaboration to bring to market end-to-end 48V hybrid and electric vehicle systems. The first of these will be released in early 2020 with a major European carmaker.

- **Valeo Move Predict.ai** is an autonomous, electric delivery droid prototype developed in partnership with Meituan, China’s leading on-demand food delivery platform. The two parties will work together on autonomous delivery vehicles for last-mile delivery. Valeo and Dana Incorporated announced a global collaboration to bring to market end-to-end 48V hybrid and electric vehicle systems. The first of these will be released in early 2020 with a major European carmaker.

- **Valeo Drive4U® Locate** allows vehicles to locate their position with extreme precision, thanks to localization algorithms and mapping systems drawing on Valeo’s perception systems. Mapping is dynamic, constantly enriched by crowdsourcing, i.e., calling on input from all vehicles.

- **Valeo SpotLocate** enables a vehicle to pinpoint its position on the road with centimeter-level precision, which makes it ten times more precise than conventional GPS positioning.

(1) See sustainable development glossary, page 48.
Present in fast-growing automotive market segments, Valeo is already positioned as the leader in electrification and autonomous driving.

- Two out of three high-voltage (above 60V) electric vehicles, launched by European automakers between 2019 and 2022, will be equipped with high-voltage (electric or thermal) solutions supplied by Valeo.
- One out of four vehicles produced worldwide in 2019 is equipped with ADAS solutions supplied by Valeo.

Valeo has been developing technological platforms in all four of its Business Groups for many years. These platforms aim to standardize the development, products and manufacturing processes for every solution worldwide. At Valeo, this standardization process is made possible by the existence of efficient product life cycle management tools. These tools enable standards to be deployed rapidly across all sites. Each platform is designed to serve numerous customers in several markets, thanks to solutions with a high level of standardization (more than 85% of Research and Development expenditure in the areas of hardware and software).

Over the past three years, Valeo has dedicated significant resources (more than 500 million euros) to the development of 12 new technological platforms, designed to meet the automotive market’s specific needs in the key areas of powertrain electrification, ADAS, autonomous vehicles and digital mobility. These technological platforms guarantee the Group’s leading position in these segments while ensuring an increase in its average content per vehicle.

### 12 NEW KEY TECHNOLOGICAL PLATFORMS

Valeo has invested in 12 new key technological platforms to develop and round out its unique product portfolio in the areas of electrification and ADAS.

Now operational, the 12 new technological platforms have received a large number of orders and have already allowed Valeo, in 2019, to support its customers in launching many flagship models worldwide. The 48V electric systems and front camera platforms have already achieved a high level of performance and standardization.
Valeo’s business model is built on two cornerstones:
- growth in sales driven by the strategic choices made to position Valeo in the most promising market segments and increase its average content per vehicle. In particular:
  - in 48V electric systems, content per vehicle is twice as high as in a conventional car,
  - the market launch of thermal solutions designed for electric vehicles effectively doubles content per vehicle.
- the high-voltage (over 60V) electrification solutions developed by Valeo Siemens eAutomotive enable the Group to multiply its content per vehicle by nine.
- lastly, in the ADAS market, average content per vehicle is multiplied by more than ten between an entry-level vehicle (level 1 autonomy) and a premium vehicle with an autonomy level of 3 or 4;
- resilience, thanks to economies of scale and productivity gains driven by:
  - the deployment of platforms that enable Valeo to standardize its technologies, production resources and manufacturing processes,
  - the rollout of operations, particularly in the area of Research and Development, in cost-competitive countries such as China, India, Egypt and countries in Eastern Europe.

Growth
Valeo’s order intake reflects the success of its innovations and the increase in average content per vehicle.

Valeo’s order intake will ensure that the Group maintains its strong growth dynamic over the coming years
- The order intake (including the Valeo Siemens eAutomotive joint venture) attests to the Group’s success and serves as an early indication of sales trends. It increased significantly between 2009 and 2019, from 8.8 billion euros ten years ago to 22.8 billion euros today. In addition, the proportion of innovative products in the order intake has reached 47%, twice as much as in 2009.

“In an evolving market environment, the 12 new technological platforms will ensure Valeo’s growth and resilience”

“These technological platforms provide us with a competitive edge by creating high barriers to entry, allowing us to sharply increase our average content per vehicle and deepen our resilience in the face of an uncertain market environment, while at the same time reducing our Research and Development and capital expenditure as a percentage of sales.”

Jacques Aschenbroich
Chairman and Chief Executive Officer
Growth in the order intake was particularly strong between 2015 and 2017. The Group has taken a more selective approach to its order intake since 2018 in order to improve its operating efficiency by reducing the costs associated with the launch of its various projects.

- Valeo has built its business model around an order intake whose value is key to optimizing the Group’s development and investment costs.

Valeo innovations are recognized and adopted by automakers
- For Valeo, innovating to design products that enable automakers to produce cleaner, safer vehicles is essential. The flagship products that have convinced Valeo’s customers of its technological edge include its 48V electric motors, its new thermal solutions, its high-voltage electric motors and the sensors required for the development of autonomous driving.
- In the 48V market, Valeo had an order intake of 7.5 billion euros at end-2019, representing a market share of more than 40% by 2022. Acclaimed by customers since late 2017, these systems can reduce CO₂ emissions by between 6% and 15% depending on the generation used.
- For its thermal solutions designed to extend the range of electric vehicles, Valeo has an order intake of 2 billion euros. This means that one in three vehicles in Europe will be equipped with a Valeo thermal solution by 2022(1).

Thanks to its Valeo Siemens eAutomotive joint venture, Valeo offers electric motors and inverters that are highly prized by key customers looking to expand their range of electric vehicles. At end-2019, Valeo Siemens eAutomotive had an order intake of 11 billion euros. By 2022, one in two European electric cars on the market will be equipped with a high-voltage electrification system developed by Valeo Siemens eAutomotive.

- Lastly, Valeo has an order intake of 11 billion euros for ADAS. This should result in average annual growth in sales of 18% for the 2019-2022 period, thanks notably to the various sensors (cameras, radars, LiDARs, etc.) and software.

Resilience
The platform-based approach enables the Group to benefit from learning curves, significantly reducing its (hardware and software) development costs and its investments. At the same time, Valeo is expanding its Research and Development teams in cost-competitive countries.

### ENGINEERS IN COST COMPETITIVE COUNTRIES

**As a % of all engineers**

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<tbody>
<tr>
<td></td>
<td>45</td>
<td>46</td>
<td>48</td>
<td>49</td>
<td>53</td>
<td>57</td>
<td>58</td>
<td>60</td>
</tr>
</tbody>
</table>

(1) Based on Valeo estimates.

### NUMBER OF ENGINEERS IN CAIRO (EGYPT) AND CHENNAI (INDIA)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2019</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>350</td>
<td>4,600</td>
<td>8,000</td>
</tr>
</tbody>
</table>
The Group plans to leverage both avenues to reduce its costs (as a percentage of sales) and its investments, which reached a high in 2017 and 2018, and more particularly:

### GROSS RESEARCH AND DEVELOPMENT EXPENDITURE

**As a % of sales**

The platform-based approach enables the Group to capitalize on learning curves and reduce development costs.

<table>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>9.5%</td>
<td>10.8%</td>
<td>10.6%</td>
<td>9.4%</td>
<td></td>
<td></td>
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</tbody>
</table>

### INVESTMENTS

**As a % of sales**

Production-related capital expenditure (plants, production lines, etc.) is expected to stabilize thanks to the platform-based approach and the product mix, since mature activities are less investment-intensive than new activities.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>5.6%</td>
<td>7.1%</td>
<td>7.0%</td>
<td>6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### MEDIUM-TERM STRATEGIC PLAN

Valeo’s strategy initiated several years ago and presented in 2017 consists in positioning the Group as the leader in market segments that will undergo strong growth over the coming years. The goal is to help meet the challenges associated with the three major revolutions disrupting the automotive industry, namely:

- powertrain electrification;
- ADAS and autonomous vehicles;
- digital mobility.

These revolutions, which require massive investments, will secure strong growth for market players having made the right strategic choices and having the capacity to develop technologies and product ranges that are adapted to the market evolution.

**That is why Valeo:**

- has gradually withdrawn from the diesel segment, which now accounts for only around 1% of revenue;
- is positioned as the leader in powertrain electrification, both for 48V systems and high-voltage (over 60V) electric solutions through our joint venture with Siemens, Valeo Siemens eAutomotive;
- is reinforcing its leadership position on the ADAS market by expanding the product range.

To achieve this, the 12 new key technological platforms developed by Valeo allow the Group to support certain customers in launching flagship models, while sharply increasing its average content per vehicle. These technological platforms are also the means by which Valeo intends to boost its cash generation, by increasing profitability while reducing Research and Development costs and capital expenditure.
In a more challenging environment than anticipated, especially in 2019, Valeo intends to combine growth and resilience to:

- **Accelerate its outperformance.**
  Over the 2020-2022 period, thanks to its new technological platforms, numerous project launches and a significant increase in content per vehicle, the Group is targeting organic revenue growth around 5 percentage points higher than global automotive production.

- **Increase its profitability.**
  The Group intends to leverage the use of its technological platforms to optimize its Research and Development costs and capital expenditure. As a result, Valeo expects to increase its profitability, lifting its operating margin to around 7% of sales and its EBITDA margin to more than 15% of sales in 2022, versus 5.5% and 12.8% in 2019, respectively.

- **Double its free cash flow generation.**
  Thanks to the expected increase in EBITDA combined with a tight rein over investments, Valeo is targeting an increase in free cash flow generation of between 1.3 billion euros and 1.5 billion euros over 2020-2022, equal to twice the level recorded in the 2017-2019 period. This cumulative three-year free cash flow objective, which was set prior to the Covid-19 crisis, includes a 2020 objective that is no longer valid (see section 5.2 “Subsequent events”, pages 292 to 294 of the 2019 Universal Registration Document).

These objectives were prepared based on IHS automotive production estimates released on November 16, 2019. At the Investor Day on December 10, 2019, members of Valeo’s management team also presented its outlook for Valeo Siemens eAutomotive, the joint venture created with Siemens in 2016, which is emerging as a major player in the high-voltage electrification segment. During this presentation, they notably described:

- Valeo Siemens eAutomotive’s growth opportunities resulting from the launch of many key projects and the sharp increase in average content per vehicle;
- the organization and operating efficiency of the new company, which has notably achieved a strong reduction in Research and Development expenditure, and
- the main financial targets for 2022 and 2024.

Valeo has also set new financial objectives for the Valeo Siemens eAutomotive (VSeA) joint venture, which is positioned as a major player in the high-voltage (over 60V) powertrain electrification segment:

- sales of 1.4 billion euros in 2022, and of more than 2 billion euros in 2024;
- EBITDA at 8% of revenue in 2022, and at more than 12% in 2024; and
- breakeven free cash flow in 2022.

The following table shows the key financial targets for 2019 and 2022:

<table>
<thead>
<tr>
<th>Financial Metric</th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (in billions of euros)</td>
<td>19.2**</td>
<td>&gt;21.5</td>
</tr>
<tr>
<td>EBITDA</td>
<td>12.8%</td>
<td>&gt;15%</td>
</tr>
<tr>
<td>Operating margin (excluding share in net earnings of equity-accounted companies)</td>
<td>5.8%**</td>
<td>-7%</td>
</tr>
<tr>
<td>Cash conversion rate (% EBITDA)</td>
<td>21%</td>
<td>&gt;15%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>€519m</td>
<td>€1.3-€1.5bn***</td>
</tr>
</tbody>
</table>

* Excluding the TCM business.
** Excluding the TCM business and the impact of the General Motors strike.
*** The cumulative amount of free cash flow for the 2020-2022 period includes a 2020 objective that is no longer valid (see section 5.2 “Subsequent events”, pages 292 to 294 of the 2019 Universal Registration Document).
AN ORGANIZATIONAL STRUCTURE BUILT ON FOUR MARKET-LEADING, HIGH-GROWTH POTENTIAL BUSINESS GROUPS

In a fast-changing environment, Valeo is strongly positioned to address the challenges of market shifts towards cleaner, safer and smarter mobility. The four Business Groups are constantly innovating, to offer technology that is widely affordable and closely matched to individual needs.

VALEO, A TECHNOLOGY COMPANY DRIVING THE AUTOMOTIVE REVOLUTIONS

VISIBILITY SYSTEMS BUSINESS GROUP

Wiper Systems

Lighting Systems

POWERTRAIN SYSTEMS BUSINESS GROUP (including Valeo Siemens eAutomotive)

COMFORT & DRIVING ASSISTANCE SYSTEMS BUSINESS GROUP
Targeting low-carbon mobility

The Powertrain Systems Business Group develops smart electrification, automated transmission system, and clean engine solutions for vehicles, positioning itself at the forefront of the mobility transformation process and anticipating future market trends in the automotive industry.

Enabling ever more intuitive driving

The car of tomorrow will be automated and connected. Innovative, intuitive interfaces will be needed to support this functional enhancement. The Comfort & Driving Assistance Systems Business Group focuses on the driver experience, developing solutions to make mobility safer, more autonomous and more connected.

DID YOU KNOW?

1 billion: that’s the number of ultrasonic sensors, cameras, radars and LiDAR systems Valeo will produce over the next five years. It’s also the number that Valeo produced between 1991 and 2017.

DID YOU KNOW?

By 2023, four to five million vehicles in China will be fitted with Valeo 48V systems.
Ensuring passenger well-being

The role of the Thermal Systems Business Group is to optimize the management of thermal energy to provide mobility solutions that are cleaner and safer, while also promoting passenger well-being. The Group’s innovations help shape the future of transportation, by reducing pollutant emissions, extending the driving range of electric vehicles, purifying cabin air and enhancing vehicle comfort.

€4.6bn
24% of sales(2)
25,100 employees

Original equipment sales derived from products contributing to cleaner and safer mobility
As a % of original equipment sales

-75%
-23%
-2%

DID YOU KNOW?

For its thermal solutions designed to extend the range of electric vehicles, Valeo has an order intake of 2 billion euros. This means that one in three vehicles in Europe will be equipped with a Valeo thermal solution by 2022.

Offering optimal visibility for future mobility

The Visibility Systems Business Group designs and produces innovative and efficient exterior and interior lighting, wiper and sensor cleaning systems to help motorists drive more comfortably and safely in all road and weather conditions, and to improve the journey experience for all vehicle occupants.

€6.0bn
31% of sales(2)
38,900 employees

Original equipment sales derived from products contributing to cleaner and safer mobility
As a % of original equipment sales

-40%
-20%

DID YOU KNOW?

By 2024, one in four autonomous vehicles will be equipped with a Valeo cleaning system, developed thanks to Valeo’s experience in automotive wipers.

(1) Excluding the TCM business, from which Valeo withdrew in 2019.
(2) Total consolidated sales, excluding the TCM business, from which Valeo withdrew in 2019.

FOR MORE INFORMATION

See Chapter 1 of the 2019 Universal Registration Document, “Presentation of Valeo”.

Valeo Integrated Report — 2019
**A CORPORATE CULTURE IN SUPPORT OF STRATEGY**

Valeo’s culture is underpinned by **five core values**:

![Icons representing different values]

and the “5 Axes” of operational excellence:

A key pillar of the Valeo culture, operational excellence is a day-to-day reality in each of the Group’s Research and Development centers and plants worldwide and across all functions. It is driven by a simple goal: satisfy customers by meeting their requirements in terms of quality, cost and time. This is achieved through the strict application by all employees of a methodology known as “the 5 Axes”.

Based on the principle of continuous improvement and a “right first time” approach, this system is meticulously implemented at all Valeo sites. Involvement of personnel, a flexible production system, constant innovation, supplier integration and total quality are the central pillars of a culture that facilitates the integration of teams acquired by the Group and represents a key driver of Valeo’s organic growth.

Valeo is proud to have the world’s leading automakers as its customers. The Group’s sales strategy consists of going beyond the basic supplier-customer relationship to drive advances in its customers’ markets around the world.

**CHRISTOPHE PÉRILLAT**
CHIEF OPERATING OFFICER

“The 5 Axes methodology is the cornerstone of the Group’s operating culture.”

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**THE 5 AXES, A CULTURE OF EXCELLENCE AND CONTINUOUS IMPROVEMENT**

![Diagram illustrating the 5 Axes methodology]

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In 2019, Valeo received **66** quality awards from its customers.
SUSTAINABLE DEVELOPMENT, EMBEDDED IN VALEO’S DNA

A commitment to sustainable development is embedded in Valeo’s DNA. As a technology company, the Group offers innovative products and systems that make vehicles cleaner, safer and more efficient, and are affordable yet adapted to individual needs. At Valeo, sustainable development is built on four key pillars: innovation, environmental eco-efficiency, employees and commitment to corporate citizenship. It pervades all the areas where Valeo interacts with stakeholders, both internally and outside the Group.

Recognition of Valeo’s commitment to sustainable development

Valeo reaffirms its growth and value creation ambition in line with the ongoing transformations in mobility and its commitment to sustainable development. The Group’s efforts in this area are recognized by the key ESG rating agencies (MSCI, RobecoSAM and CDP) as one of the best automotive suppliers in terms of non-financial performance. In 2020, Valeo was once again the leading automotive company in the new edition of the Corporate Knights ranking of the 100 largest global public companies in terms of sustainable development published at the Davos Summit in Switzerland in January each year, replicating the performance achieved in 2019.

“For 2020 […], I have set three priorities […]: health and safety at work, gender diversity and reduction of our carbon footprint.”

JACQUES ASCHENBROICH
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

MAIN RATINGS

<table>
<thead>
<tr>
<th>Organization</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDP (CARBON DISCLOSURE PROJECT)</td>
<td>B Management(1)</td>
</tr>
<tr>
<td>ISS-OEKOM(2)</td>
<td>B-, prime industry leader (ranked no. 1 among automotive suppliers, excluding tire manufacturers)(3)</td>
</tr>
<tr>
<td>MSCI ESG RATING</td>
<td>AAA Ranked no. 1 among automotive suppliers(1)</td>
</tr>
<tr>
<td>ROBECOSAM (DJSI)</td>
<td>77/100 Ranked no. 1 among automotive suppliers (excluding tire manufacturers)(1)</td>
</tr>
<tr>
<td>SUSTAINALYTICS</td>
<td>86/100 Leader (ranked no. 2 among automotive suppliers)(1)</td>
</tr>
</tbody>
</table>

(1) Status conferred by the rating agency in 2019.
(2) Status conferred by the rating agency in 2018.
(3) Oekom became ISS-Oekom in 2018.
Sustainable development challenges

To identify its key sustainable development challenges, Valeo has carried out a materiality analysis to:

- enable stakeholders to better comprehend their interactions with Valeo;
- give its Research and Development, environmental, labor-related and social data sharper focus on key issues of significance for the Group and its stakeholders;
- reinforce the relevance and quality of information put forward by the Group.

The materiality analysis aims to compare Valeo’s internal ambitions in respect of sustainable development with its stakeholders’ expectations.

The Group closely monitors each challenge on a permanent basis using action plans and performance indicators.

Non-financial risks

Valeo has carried out an analysis of its non-financial risks, in compliance with the French legal framework, to improve the transparency of its non-financial reporting. The analysis of non-financial risks begun by Valeo in 2018 resulted from the joint work of the Risk Management and Sustainable Development and External Affairs departments.

For 2019, Valeo has identified the following seven main risks (classified in accordance with Valeo’s four sustainable development axes). The risk analysis and associated mapping were presented to the Risks Committee, which validated the assessments of the non-financial risks identified for 2019. These serve as the basis for the management of sustainable development policies, allowing initiatives to be prioritized.

<table>
<thead>
<tr>
<th>Sustainable development axes</th>
<th>Risks</th>
<th>See the 2019 Universal Registration Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>INNOVATION</td>
<td>Risk of non-compliance with environmental product regulations</td>
<td>pages 210 to 215</td>
</tr>
<tr>
<td>ENVIRONMENTAL ECO-EFFICIENCY</td>
<td>Risk associated with accidental pollution of water and/or soil</td>
<td>pages 216 to 218</td>
</tr>
<tr>
<td>EMPLOYEES</td>
<td>Health and safety risk</td>
<td>pages 219 to 221</td>
</tr>
<tr>
<td></td>
<td>Risk related to attracting talent</td>
<td>pages 221 to 223</td>
</tr>
<tr>
<td></td>
<td>Risk related to developing and retaining talent</td>
<td>pages 222 to 226</td>
</tr>
<tr>
<td>COMMITMENT TO CORPORATE CITIZENSHIP</td>
<td>Risk of individual corruption</td>
<td>pages 227 to 228</td>
</tr>
<tr>
<td></td>
<td>Risk of non-compliance with sustainable development requirements by Valeo’s suppliers</td>
<td>pages 228 to 232</td>
</tr>
</tbody>
</table>
Sustainable development goals in the Group’s business

The Group’s sustainable development initiatives are designed to support the United Nations’ Sustainable Development Goals (SDGs). The Group’s initiatives contribute to the seven following objectives:

<table>
<thead>
<tr>
<th>Axes</th>
<th>Challenges</th>
<th>Key indicators</th>
<th>2015 results</th>
<th>2018 results</th>
<th>2019 results</th>
<th>Targets (2020)</th>
<th>Reference sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>INNOVATION</td>
<td>Low-carbon mobility solutions/ Autonomous and connected vehicle</td>
<td>Share of innovative products in order intake (% of order intake)</td>
<td>37%</td>
<td>53%</td>
<td>47%&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>&gt;40%&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>5.1.1 Page 268</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Share of products contributing to the reduction of CO2 emissions (as a % of sales)</td>
<td>N/A</td>
<td>50%</td>
<td>57%</td>
<td>N/A</td>
<td>4.2.2 Page 185</td>
</tr>
<tr>
<td>ENERGY &amp; EFFICIENCY</td>
<td>Energy and carbon efficiency of production</td>
<td>Energy consumption as a proportion of sales (MWh/€m)</td>
<td>143</td>
<td>140 (-1%&lt;sup&gt;(2)&lt;/sup&gt;)</td>
<td>142 (+1%)</td>
<td>132 (-8%&lt;sup&gt;(2)&lt;/sup&gt;)</td>
<td>4.3.3 Page 213</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct (scope 1) and indirect (scope 2) emissions as a proportion of sales (tCO2/€m)</td>
<td>56.3</td>
<td>59.2 (+5%&lt;sup&gt;(2)&lt;/sup&gt;)</td>
<td>57.55 (-3%)</td>
<td>51.8 (-8%&lt;sup&gt;(2)&lt;/sup&gt;)</td>
<td>4.3.3 Page 214</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ISO 50001 energy management certification (% of sites)</td>
<td>8%</td>
<td>17%</td>
<td>18%</td>
<td>20%</td>
<td>4.3.1 Page 205</td>
</tr>
<tr>
<td></td>
<td>Discharges and waste</td>
<td>Production of hazardous and non-hazardous waste as a proportion of sales (t/€m)</td>
<td>16.4</td>
<td>16.2 (-1%&lt;sup&gt;(2)&lt;/sup&gt;)</td>
<td>16.4 (+1%)</td>
<td>15.6 (-5%&lt;sup&gt;(2)&lt;/sup&gt;)</td>
<td>4.3.2 Page 208</td>
</tr>
<tr>
<td></td>
<td>Water</td>
<td>Water consumption as a proportion of sales (cu.m/€m)</td>
<td>198</td>
<td>210 (+6%&lt;sup&gt;(2)&lt;/sup&gt;)</td>
<td>197 (-6%)</td>
<td>186 (-6%&lt;sup&gt;(2)&lt;/sup&gt;)</td>
<td>4.3.3 Page 210</td>
</tr>
<tr>
<td></td>
<td>Safety and working conditions</td>
<td>FR1: frequency rate of occupational accidents with lost time (accidents with lost time/million hours worked)</td>
<td>2.4</td>
<td>2.1</td>
<td>1.9</td>
<td>≤2</td>
<td>4.4.2 Page 222</td>
</tr>
<tr>
<td>EMPLOYEES</td>
<td>Attracting and retaining talent</td>
<td>Voluntary turnover of Managers and Professionals (% of M&amp;P workforce)</td>
<td>6.7%</td>
<td>8.5%</td>
<td>8.0%</td>
<td>≤7%</td>
<td>4.4.2 Page 229</td>
</tr>
<tr>
<td></td>
<td>Promoting and respecting fundamental rights</td>
<td>Share of employees that joined the Group during the year, and signed a declaration acknowledging receipt of a copy of the Code of Ethics and training in its content (% of the registered workforce)</td>
<td>N/A</td>
<td>99.0%</td>
<td>99.8%</td>
<td>100%</td>
<td>4.4.3 Page 242</td>
</tr>
<tr>
<td></td>
<td>Promoting diversity&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>Share of women in new hires during the year (% of hires during the year)&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>32.4%</td>
<td>33.0%</td>
<td>34.9%</td>
<td>&gt;35%</td>
<td>4.4.3 Page 231</td>
</tr>
<tr>
<td>COMMITMENT TO CORPORATE CITIZENSHIP</td>
<td>Purchasing and sustainable development</td>
<td>Share of production purchases for which the suppliers’ sustainable development practices were assessed during the year (% of total purchases)</td>
<td>60%</td>
<td>77%</td>
<td>80%</td>
<td>80%</td>
<td>4.5.2 Page 244</td>
</tr>
<tr>
<td></td>
<td>Local integration</td>
<td>Organization of initiatives and events by the Valeo sites with educational and vocational training institutions (% of sites)</td>
<td>N/A</td>
<td>61%</td>
<td>68%</td>
<td>80%</td>
<td>4.5.2 Page 247</td>
</tr>
</tbody>
</table>

<sup>*</sup> Of the 2019 Universal Registration Document.

<sup>(1)</sup> Products and technologies in series production for less than three years, including Valeo Siemens eAutomotive in 2019.

<sup>(2)</sup> Change compared with 2015.

<sup>(3)</sup> In 2018, Valeo achieved its 2020 objective, set in 2017, of >=33%. The Group has accordingly decided to raise its “Promoting Diversity” target with a more ambitious goal for 2020.
Corporate governance committed to sustainable development

In 2010, the Group set up a sustainable development department tasked with defining the Group’s sustainable development policy and coordinating its implementation. Outside the Group, its role is to ensure the consistency of the messages shared with external stakeholders. The department is jointly overseen by the Strategy Department and the Chairman and Chief Executive Officer.

In addition, other Group functions, including Research and Development, Risk and Insurance, Health, Safety and Environment, Human Resources, Ethics and Compliance and Purchasing, also contribute to sustainable development at their level, and have developed their own tools for taking action and assessing performance.

The Governance, Appointments & Corporate Social Responsibility Committee has been given the following responsibilities:

- reviewing the main thrusts of the Company and Group’s corporate social responsibility policy,
- identifying corporate social responsibility objectives and challenges, and making sure that the previously defined objectives are met,
- overseeing the gradual and increasing implementation of the corporate social responsibility policy, and assessing the Group’s contribution to sustainable development,
- in conjunction with the Audit & Risks Committee, gaining an understanding of the risks and issues involved in corporate social responsibility, and obtaining information about the resources the Group can call on to pursue its strategy in this area.
Innovation

Research and Development are central to Valeo’s growth strategy and its identity as a technology company. The Group strives to develop new automotive technology and identify innovative solutions that both anticipate and meet market demands. It promotes intuitive and safer driving, and provides solutions for reducing emissions of greenhouse gases, such as CO₂, and pollutants. The Group’s innovation policy serves to make its strategic choices a reality. It draws primarily on an open innovation ecosystem (see opposite).

Valeo is also committed to rolling out a product eco-design strategy to reduce their carbon impact well beyond the simple use phase. This approach aims to:

- reduce CO₂ emissions;
- increase the recyclability of materials and systems;
- ensure that materials are safe.

This approach is based on internal standards, which guide the project teams in their life cycle analyses in the upstream research phase, and is backed up by a requirement for product quality and reliability right from their design phase. On the operations side, with the dual aim of delivering solutions that reduce product weight and generating additional development potential, Valeo is gradually replacing metal with lighter materials, such as plastics, resins and carbon fiber. The Group has also enhanced the recyclability of its products by working on both their design and the materials used.

For more information

see Chapter 4 of the 2019 Registration Document, section 4.3.3 “Risk of non-compliance with environmental product regulations”
Environmental eco-efficiency
For nearly 30 years, Valeo has demonstrated its commitment to limiting the impact of its activities on the environment. Its commitments have been made official in its Sustainable Development Charter:

• ensure the compliance of its activities with applicable laws and international agreements;
• deploy the ISO 14001 environmental management system at all sites;
• improve the environmental performance of its processes;
• optimize the transportation of people and goods in order to reduce greenhouse gas emissions;
• limit the use of natural resources and promote the use of renewable resources and energy;
• eliminate the use of substances that are hazardous to the environment or health.

To prevent the risk of pollution across all sites, the Group has adopted several operational environmental directives setting rules for all sites. Moreover, each plant must ensure, through regulatory monitoring, the constant compliance of the procedures and substances used with local environmental regulations.

The Group aims to limit and control its water consumption to ensure a sufficient supply and quality. In order to control and reduce its consumption as much as possible, each water supply source is equipped with systems for determining the volume of water consumed and its uses (domestic, industrial and fire). The use of water for cooling in open circuits is prohibited.

In view of the importance of reducing energy consumption and emissions related to the production of GHGs, Valeo has also set itself the goal for 2020 of reducing its direct and indirect GHG emissions (scopes 1 and 2) as a proportion of sales by 8% compared with 2015. The Group monitors energy consumption at its sites on a quarterly basis via the Valeo Environmental Indicators internal tool.

GHG EMISSIONS (SCOPE 1, SCOPE 2 AND SCOPE 3)
Since 2009, Valeo has made progress in the analysis of its carbon footprint by evaluating the direct and indirect greenhouse gas (GHG) emissions resulting from its activities.

<table>
<thead>
<tr>
<th>Total direct and indirect GHG emissions as a % of sales (tCO₂eq./€m)</th>
<th>2009</th>
<th>2015</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 1</strong> DIRECT EMISSIONS</td>
<td>14.5</td>
<td>10.1</td>
<td>9.9</td>
<td>9.9</td>
</tr>
<tr>
<td><strong>Scope 2</strong> INDIRECT EMISSIONS</td>
<td>45.1</td>
<td>46.2</td>
<td>49.3</td>
<td>47.6</td>
</tr>
<tr>
<td><strong>Scope 3</strong> OTHER INDIRECT EMISSIONS</td>
<td>—</td>
<td>426</td>
<td>528</td>
<td>517</td>
</tr>
</tbody>
</table>

In 2019, despite the integration of new sites and its growth in high-emissions countries, particularly China and Poland, the Group managed to reduce its direct and indirect greenhouse gas emissions to 57.55 tCO₂eq./€m of greenhouse gases as a proportion of sales, i.e., a 3.5% reduction compared with 2009.

(1) See sustainable development glossary, page 48.
Employees
Valeo owes its success to the men and women who work for it. The Group therefore places great importance on their well-being, by:

- Guaranteeing a work environment free of risk of accidents. This is the first way to improve the quality of working life of employees and to ensure their involvement in the Group’s activities. Valeo’s goal is to reduce the frequency rate of lost-time accidents (FR1\(^{(2)}\)) to less than two by 2020. To achieve this objective, Valeo, through its risk management manual, rolls out policies and directives on a range of topics (building and facility safety, employee health and safety, data security and the environment).

- Attracting the best talent. This is a key challenge for Valeo in a competitive environment that is undergoing profound transformation. Valeo’s recruitment policy is based on a strong employer brand, which enhances the Group’s visibility and its appeal for the talents of tomorrow. Managing relationships with schools and forging strong and special partnerships are a priority for the Group. Similarly, to maintain relationships with its customers worldwide, Valeo pledges to recognize and value its talent through an ambitious compensation, professional development, training and internal mobility policy.

- Promoting gender equality in all the countries where it operates. In March 2019, Valeo was the first CAC 40 company to extend the mandatory gender equality index in France to all of its host countries. It did so on the basis of a slightly different methodology, since it only takes Managers and Professionals into account. For instance, the index calculates the weighted differences in the proportion of women and men given pay rises or promotions, and the percentage of women among the 10 highest earners. Following analyses carried out by each country, national action plans have been launched with a view to improving the index and in turn gender equality.

Quality of Life at Work
The Group works to continuously improve quality of life at work, an integral part of its Human Resources strategy aimed at attracting, developing and retaining talent by guaranteeing:

- an accident-free work environment by offering ergonomic workstations and preventing psychosocial risks;
- a balance between professional and personal life by promoting the right to disconnect and facilitating teleworking;
- recognition and support in their work;
- prevention of harassment and discrimination;
- autonomy.

Gender equality remains one of the Group’s top priorities. Following the extension of the French gender equality index\(^{(1)}\) to all of our host countries, we have rolled out local action plans based on national performance. We expect to see the first signs of improvement in 2020 as our analysis continues.”

---

(1) This index is based on the evaluation of five criteria:
- criterion 1: difference in compensation between men and women,
- criterion 2: difference in individual pay rises between men and women,
- criterion 3: difference in the percentage of men and women promoted,
- criterion 4: percentage of women employees receiving a pay rise after returning from maternity leave,
- criterion 5: percentage of women among the top ten highest paid employees (among Managers and Professionals only).

(2) Number of lost-time accidents x 1,000,000/number of hours worked during the year.

This indicator takes into account category 1 and 3 accidents.

---

<table>
<thead>
<tr>
<th>Frequency rate (FR1(^{(2)})) of occupational accidents</th>
<th>Percentage of employee shareholders at Valeo</th>
<th>Employees that attended training/ awareness modules on quality of life at work</th>
<th>Gender equality indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.9 (\frac{1}{2}) in line with 2020 goal with a rate of &lt;2</td>
<td>50% (\uparrow) +5 percentage points</td>
<td>6,080 (\uparrow) +37% versus 2018</td>
<td>82/100 (\uparrow) Group average gender equality index(^{(2)})</td>
</tr>
</tbody>
</table>
Commitment to corporate citizenship

Valeo’s social policy is structured around three main challenges:

- **Anti-fraud policies and anti-competitive practices**
  - Due to the Group’s global footprint and its growing number of employees, the Ethics and Compliance Office devoted 2019 to extending and deepening its various programs to fight corruption and anti-competitive practices, and to promote compliance with economic sanctions and export controls, and the protection of personal data (the Compliance Programs).
  - Built to the highest international standards, including France’s Sapin II law, the Foreign Corrupt Practices Act (FCPA) and the General Data Protection Regulation (GDPR), the programs break down into different policies, instructions, recommendations, tools and training modules.
  - Run by General Management and the Ethics and Compliance Office, endorsed by all management teams and relayed worldwide by Compliance Champions and Data Protection Champions, the Group’s Compliance Programs are designed to prevent a number of risks associated with inappropriate behavior.
- **Sustainable development requirements with regard to suppliers**
  - As a tier-one automotive supplier, Valeo is at the heart of the automotive industry supply chain. Broad change in supplier chains, the emergence of new forms of indirect subcontracting and the desire to control risks of disruption in the supply chain by taking into account a wider range of risk factors have prompted Valeo to formalize over recent years a demanding policy in terms of sustainable development with regard to its suppliers. Valeo has begun implementing a policy to monitor its suppliers in the following key areas: governance, human rights, the environment, health and safety and supplier relations.
  - Sustainable development is an integral part of Valeo’s decision to enter into business relationships with suppliers:
    - suppliers must meet Valeo’s ethics, integrity and sustainable development requirements included in the Valeo Business Partner Code of Conduct;
    - suppliers are selected based on economic, financial risk, logistics, corporate governance, environmental and social factors (respect for fundamental rights, environmental protection, employee health and safety, and quality). Questions on non-financial criteria represent over 90% of all the mandatory items in the supplier qualification questionnaire, sustainable development criteria are given a weighting of almost 20% in the supplier’s final score, and any failure to meet these criteria automatically disqualifies them from Valeo’s supplier panel. Valeo continued its program of in-depth sustainable development supplier assessments, based on its annual self-assessment questionnaire of sustainable development choices, with a representative sample of suppliers covering 80% of the Group’s production purchases in 2019. This annual self-assessment is rounded out by a campaign of audits of suppliers’ sustainable development practices.
- **A commitment to ecosystems and local populations**
  - Valeo’s sites contribute to the economic and social fabric of the regions where the Group operates. Its sites have multiple impacts. They are consumers, employers, local economic agents, and participate in the creation and attraction of new businesses through transfer of competences. Valeo has a policy of encouraging its sites to take responsibility and to support local initiatives around the world. To achieve this, the Group has set the following two guidelines:
    - commit to building local ecosystems by forming partnerships with the world of education and local training and participating in the structuring and existence of local research ecosystems,
    - promote plants’ initiatives in favor of and alongside local populations.

Each site organizes local plant initiatives that reflect locally identified needs and are consistent with their capacities. With the assistance of its Human Resources and Research and Development managers, the site managers decide on actions that can be carried out to help the local population and employees.

**For the fourth year running, all sites organized at least one corporate citizenship initiative.**
VALEO AND ITS STAKEHOLDERS

Valeo has relationships with the different stakeholder groups throughout the process, from design, to production and product sales.

RESEARCH AND DEVELOPMENT PARTNERS
Establish cooperative and industry-oriented Research and Development, enabling it to organize exchanges of expertise, techniques and know-how.

AUTOMAKERS AND DISTRIBUTORS
Design, develop, manufacture and market innovative products and systems for sustainable mobility.

CREDIT AND NON-FINANCIAL RATING AGENCIES
Obtain recognition for Valeo’s financial, employee, environmental and social commitments.

EMPLOYEES
Ensure ongoing dialog with employees, the leaders of various labor unions and professional organizations in order to continue promoting high quality labor relations.

PARTNERS AND SUPPLIERS
Cooperate and co-construct in compliance with competition law and fundamental rights.

INSTITUTIONS
Conduct economic, industrial and labor dialog in compliance with national, European and international laws and regulations.

REGIONS
Ensure positive development interaction between the Group and its local ecosystem.

FINANCIAL COMMUNITY AND INDIVIDUAL SHAREHOLDERS
Adopt a dialog-based approach building on the relevance, rigor and transparency of information relating to the Group’s results.

FINANCIAL COMMUNITY AND INDIVIDUAL SHAREHOLDERS
Adopt a dialog-based approach building on the relevance, rigor and transparency of information relating to the Group’s results.

Since 2013, Valeo has regularly surveyed its suppliers to gain a better understanding of their sustainable development approach, based on economic (plant optimization), environmental (certification) and labor-related (labor law) criteria.

INSTITUTIONS
Placing great importance on its involvement in different consultation bodies in the automotive industry. Valeo actively participates in French, European and international working groups.

REGIONs
Valeo’s sites contribute to the economic and social fabric of the regions where the Group operates. Its sites have multiple impacts: they are consumers, employers, spending centers, local economic agents and actors in the development of human capital, and contribute to creating and enhancing the appeal of businesses through transfers of expertise.

CREDIT AND NON-FINANCIAL RATING AGENCIES
Valeo is rated “Investment Grade” by rating agencies Moody’s and Standard & Poor’s®,(1) reflecting its transparent, rigorous and relevant communication. In 2018 and 2019, it also saw its non-financial performance acknowledged by various rating agencies.

AUTOMAKER CUSTOMERS AND DISTRIBUTORS
Valeo undertakes to its customers to design, develop, manufacture and market innovative products and systems for sustainable mobility. Customers worldwide continued to recognize the high standard of the Group’s performance, awarding it 66 quality distinctions in 2019.

(1) On March 26 and April 3, 2020, respectively, rating agencies Moody’s and Standard & Poor’s placed Valeo’s long- and short-term issuer ratings under review for downgrade (see Chapter 9 of the 2019 Universal Registration Document, section 5.6.4, Note 6.2.4 “Debt rating”, page 403).
VALEO’S VALUE CREATION MODEL

VALUE CREATION SHARED

<table>
<thead>
<tr>
<th>Sales</th>
<th>Purchasing and other costs</th>
<th>Value generated by Valeo(6)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

Employees(2) As a % of value generated

Investments in the Group’s future growth(3) As a % of value generated

29%

66%

A GROWTH STRATEGY FOR

Valeo’s solutions to mobility challenges

THERMAL SYSTEMS
Shape transportation for tomorrow’s world by creating cleaner and safer mobility solutions offering greater well-being

POWERTRAIN SYSTEMS
Develop innovative solutions that reduce CO2 emissions and optimize energy performance

A CULTURE OF EXCELLENCE

Valeo’s culture is underpinned by five core values:

Innovation culture
19,900 R&D employees working at 59 centers worldwide
€2bn in gross R&D expenditure

People, the key to excellence
114,700 employees, 140 nationalities
Employee representative bodies(8) for nearly 2/3 of sites

High-performance plants
191 plants in 33 countries

TALENTED AND INNOVATIVE RESOURCES

33,340 patents, of which 1,698 filed in 2019
47% of order intake for innovative products(9)

1.34x original equipment sales
114,700

Order intake at
Customer return rate of 3 parts per million products delivered

114,700 of order intake

89.2%

84.5%

84.5%

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84.5%
BY ALL STAKEHOLDERS

**Contributing to a cleaner world**
- €6m in environmental investments
- 18% of sites certified ISO 50001
- 89.2% of produced waste recovered

**Supporting local communities**
- Purchases close to consumption location
- Higher education partnerships: 79% of sites

**Rewarding investors**
- Dividend of €0.2 per share
- Ranked no. 1 among automotive suppliers by ISS-oekom, MSCI, RobecoSAM, Corporate Knights

CLEANER, SAFER AND SMARTER MOBILITY

**Original equipment sales derived from products contributing to cleaner and safer mobility**

<table>
<thead>
<tr>
<th>Group</th>
<th>Cleaner</th>
<th>Other</th>
<th>Safer</th>
<th>As a % of original equipment sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>36%</td>
<td>-99%</td>
<td>-1%</td>
<td></td>
</tr>
<tr>
<td>Comfort &amp; Driving Assistance Systems Business Group</td>
<td>Cleaner</td>
<td>Other</td>
<td>Safer</td>
<td>-20%</td>
</tr>
<tr>
<td>Powertrain Systems Business Group</td>
<td>Cleaner</td>
<td>Other</td>
<td>Safer</td>
<td>-23%</td>
</tr>
<tr>
<td>Thermal Systems Business Group</td>
<td>Cleaner</td>
<td>Other</td>
<td>Safer</td>
<td>-2%</td>
</tr>
<tr>
<td>Visibility Systems Business Group</td>
<td>Cleaner</td>
<td>Other</td>
<td>Safer</td>
<td>-40%</td>
</tr>
</tbody>
</table>

*S including Valeo Siemens eAutomotive.

SUPPORTED BY SOLID FUNDAMENTALS

**Environmental stewardship**
- 87% of plants certified ISO 14001
- 84.5% certified OHSAS 18001
- €23m in operating expenses related to the environment

**Social footprint**
- 1,202 suppliers account for 95% of production purchases
- Business Partner Code of Conduct

**Financial performance**
- €19.5bn in sales
- Operating margin at 5.3% of sales
- €519m in free cash flow

AND CONTINUOUS IMPROVEMENT

As automakers’ preferred partner,
Valeo must continue to offer innovative technology and ensure total customer satisfaction in terms of quality, cost and time, by applying the 5 Axes methodology.

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NB: Figures relate to the year ended December 31, 2019. The main indicators are defined in the financial glossary, page 48, and in the sustainable development glossary, page 48.

1. Net income for the year excluding share in net earnings of equity-accounted companies, personnel expenses and employee benefits, depreciation of property, plant and equipment and amortization of intangible assets, income taxes and levies included in operating items, and cost of net debt.
2. Personnel expenses and benefits (of which pension costs and restructuring costs).
3. 2019 retained earnings plus depreciation of property, plant and equipment and amortization of intangible assets.
4. Income taxes and levies included in operating items.
5. Shareholders and bondholders: dividend proposed to the Shareholders' Meeting in respect of 2019 and cost of net debt.
6. Products and technologies in series production for less than three years, including Valeo Siemens eAutomotive.
7. In the current period of uncertainty caused by the Covid-19 pandemic, Valeo’s Board of Directors has decided to ask shareholders to approve a dividend payout of 0.2 euros per share.
8. Employee representative bodies.
### FINANCIAL GLOSSARY

| **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. |
| **Free cash flow** | Corresponds to net cash from operating activities (excluding changes in non-recurring sales of receivables and net payments for the principal portion of lease liabilities) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets. |
| **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, and (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. |
| **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. |
| **Net cash flow** | 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 current non-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. |
| **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. |
| **Purchase price allocation** | As part of the accounting for business combinations and on first-time consolidation, purchase price allocation consists in measuring at fair value the assets acquired and liabilities assumed from the acquired subsidiary, joint venture or investment and recognizing them in the statement of financial position for these amounts. The allocation may result in the recognition of certain assets and liabilities that were not previously recognized. The acquirer may also recognize identifiable intangible assets acquired such as trademarks, patents or customer relationships. Accordingly, the newly consolidated company’s net equity is remeasured. The difference between the price paid by the parent company for the shares in the acquiree and the parent company’s share in the acquiree’s remeasured net equity is called “goodwill”. Goodwill is recognized within intangible assets in the statement of financial position. |
| **ROA** | ROA, or return on assets, corresponds to operating income divided by capital employed (including investments in equity-accounted companies) including goodwill. |
| **ROCE** | 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. |
| **TSR** | Total shareholder return measures share profitability, taking into account, over a given period, the dividends received by the shareholder and the unrealized gains and losses on fluctuations in the share price. |
| **Valeo order intake** | Corresponds to business awarded by automakers during the period to Valeo, and to joint ventures and associates based on Valeo’s share in net equity, (except Valeo Siemens eAutomotive, for which 100% of orders are taken into account), less any cancellations, based on Valeo’s best reasonable estimates in terms of volumes, selling prices and project lifespans. Unaudited indicator. |

### SUSTAINABLE DEVELOPMENT GLOSSARY

| **CDP** | Carbon Disclosure Project: an independent, non-profit organization working to drive greenhouse gas emissions reductions for companies and cities by collecting environmental data and analyzing their carbon emissions policy. www.cdproject.net |
| **GHG** | Greenhouse gas: gases which absorb infrared rays emitted by the Earth’s surface, contributing to the greenhouse effect. |
| **ISO 14001** | International standard on environmental management systems. |
| **ISO 50001** | International standard on energy management systems. |
| **OHSAS 18001** | International standard on occupational health and safety management systems. |
| **Open Innovation** | Open Innovation is a concept that involves promoting innovation by deriving the maximum possible benefit from the ecosystem surrounding the company, primarily through collaboration between various players (governmental organizations, private companies, academic and research companies, innovative start-ups, etc.). |
| **SAE International** | Society of Automotive Engineers International: a US-based association. This organization has defined six levels of driving automation, from 0 (no automation, the driver must control everything) to 5 (full automation, no driver input required). Levels 3 and 4 correspond respectively to “conditional automation” and “high automation”. |
Valeo
Joint-stock company (*société anonyme*)
with capital of 241,036,743 euros
552 030 967 RCS Paris
43, rue Bayen – 75848 Paris Cedex 17 – France
Tel.: +33 (0)1 40 55 20 20
www.valeo.com

**Institutional investor relations**

Thierry Lacorre
Investor Relations Director

To arrange a meeting, please contact:
valeo.corporateaccess.mailbox@valeo.com

**Individual shareholder relations**

Valeo
Tel.: +33 (0)1 40 55 20 39
Email: valeo@relations-actionnairesindividuels.com