SMART TECHNOLOGY FOR SMARTER MOBILITY

2019 ACTIVITY AND SUSTAINABLE DEVELOPMENT REPORT
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OUR CORPORATE PURPOSE

As a tech company, Valeo’s goal is to play a major role in the mobility of tomorrow. In keeping with today’s environmental and social issues, future mobility must be greener, safer and more diverse, and must also improve the well-being and safety of citizens and consumers.

We will achieve this goal thanks to our unique positioning and technological leadership in the areas that are driving the transformation of the automotive industry and sustainable mobility across the globe. This positioning and this leadership are rooted in our expertise, innovations and operational excellence. They are supported by our values and business culture and built to serve our customers, employees, shareholders and host regions.

VALEO IN 2019

19.2
BILLION EUROS
IN SALES

114,700
EMPLOYEES

15
DISTRIBUTION
PLATFORMS

13%
OF ORIGINAL EQUIPMENT SALES
DEDICATED TO R&D

12
KEY TECHNOLOGICAL
PLATFORMS

33
COUNTRIES

191
PLANTS

59
R&D CENTERS

1,698
PATENTS FILED
VALEO PICTUREBEAM™ MONOLITHIC, HIGH DEFINITION SMART LIGHTING

At night, the surroundings look different, visibility is reduced and drivers are constantly being dazzled by other vehicles, leading to a much greater risk of road accidents. To improve safety and comfort, Valeo has developed Valeo PictureBeam™ Monolothic, the first high definition smart lighting solution. Capable of projecting over 4,000 pixels onto the road from a single lighting module, the system features anti-glare technology and a wide beam of light, turning driving at night into a brand new experience. This smart solution detects pedestrians and cyclists on the road and assists drivers by reading road markings.

The mobility of the future is already here.
UNOBSERVED VISION
VALEO XTRAVUE TRAILER MAKES THE INVISIBLE, VISIBLE

Being able to see clearly behind a towed object makes driving safer, especially when towing a large trailer or caravan that restricts the driver’s field of vision. Valeo XtraVue Trailer provides an unobstructed view of what’s happening behind the vehicle, making maneuvers easier and safer.

It combines video images from cameras positioned at the rear of the vehicle and the vehicle being towed into a single homogeneous image. By simply glancing at the screen in front of them, the driver has a 180° view of the road behind the vehicle, as if they were looking through the rear window. Magic!

The mobility of the future is already here.
VALEO MOVE PREDICT.AI:
PREDICTING THE INTENTIONS OF ROAD USERS

Thanks to latest-generation fisheye cameras and artificial intelligence, Valeo Move Predict.ai carries out a detailed analysis of the vehicle’s surroundings, the behavior of road users and their level of attention. In just a few milliseconds, it can detect whether a pedestrian is checking their smartphone without watching the road and predict their trajectory, for example determining whether they are about to cross the road. Designed for all types of vehicles, this solution alerts drivers about potential risky behavior, activating the emergency brake if necessary.

The mobility of the future is already here.
CENTIMETER-LEVEL PRECISION
Valeo SpotLocate, Centimeter-Level GeoLocation

Unveiled by Hyundai, Hexagon, Valeo and a major mobile network operator, Valeo SpotLocate enables a vehicle to pinpoint its position on the road with centimeter-level precision, making it ten times more precise than conventional GPS. The system will facilitate the development of autonomous vehicles by improving automated driving levels 2 to 5. Onboard navigation systems will also display more precise and user-friendly maps on their screens.

The mobility of the future is already here.
Through its innovation strategy, Valeo anticipates market expectations and is increasing its profitability with innovative systems and technologies designed to reduce CO₂ emissions and develop autonomous, connected mobility that is widely affordable and closely matched to individual needs. At the center of the automotive industry’s revolutions, Valeo has fundamentally transformed its product portfolio to strengthen its leadership position in electrification and advanced driver assistance systems (ADAS), two segments that are expected to grow rapidly over the next few years.
JACQUES ASCHENBROICH
CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF VALEO
In response to the Covid-19 pandemic, Valeo quickly set two very clear priorities: ensure the health and safety of its employees worldwide – our absolute, number one priority – and allow operations to resume and continue under the strictest health and safety conditions to meet the needs of our customers around the world and guarantee the Company’s future.

“2019 WAS AN IMPORTANT YEAR FOR VALEO: THE 12 NEW TECHNOLOGICAL PLATFORMS WE CREATED CEMENT OUR GLOBAL LEADERSHIP IN VEHICLE ELECTRIFICATION AND ADAS, THE TWO AUTOMOTIVE MARKET SEGMENTS THAT ARE SET TO WITNESS THE FASTEST GROWTH OVER THE COMING YEARS.”
Across all our plants, R&D centers, distribution platforms and headquarters we have implemented a reinforced safety protocol to allow activity to resume without compromising our commitment to protecting our employees.

The Covid-19 pandemic will doubtless have a significant impact on the entire automotive market. While it is too soon to accurately assess those impacts, we are nonetheless confident in our ability to overcome this crisis and we have what it takes to meet the challenges and maintain our growth momentum.

**We have a solid financial position.** We have implemented drastic cost-cutting measures and have €2.3 billion in undrawn credit lines that will allow us to withstand any prolongation of the current crisis.

We will continue to leverage our key strengths, which include an organization built around local production in close proximity to our customers – enabling us to limit international flows as much as possible – as well as the geographic balance of our markets and our customer portfolio.

Lastly, and most importantly, our innovation-based strategy enables us to offer an impressive range of technology, putting us at the center of today’s challenges of developing safer, greener and smarter mobility solutions.

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**LEADER IN ELECRIFICATION**

TWO IN THREE HIGH-VOLTAGE (OVER 60V) ELECTRIC VEHICLES LAUNCHED BY EUROPEAN AUTOMAKERS BETWEEN 2019 AND 2022 WILL BE EQUIPPED WITH VALEO HIGH-VOLTAGE SOLUTIONS.

**LEADER IN ADAS**

ONE IN FOUR VEHICLES PRODUCED WORLDWIDE IN 2019 IS FITTED WITH VALEO ADAS.
“THANKS TO ITS INNOVATIONS, ORGANIZATION, RIGOR, RESPONSIVENESS AND ABILITY TO ADAPT IN A CONSTANTLY EVOLVING MARKET, VALEO IS AND WILL REMAIN AN UNDISPUTED TECHNOLOGY LEADER FOR FUTURE MOBILITY.”

2019 was an important year for Valeo, with the 12 new technological platforms created and presented at our Investor Day on December 10 now up and running. These technological platforms cement our global leadership in vehicle electrification and ADAS, the two automotive market segments that are set to witness the fastest growth over the coming years. The technological platforms provide us with a major competitive edge and are generating a sharp increase in our average content per vehicle.

In 2019 and in the first quarter of 2020, we began to reap the rewards of these new technological platforms, as demonstrated by our significant outperformance versus the automotive market by 6 and 16 percentage points, respectively.

Thanks to its innovations, organization, rigor, responsiveness and ability to adapt in a constantly evolving market, Valeo is and will remain an undisputed technology leader for future mobility.

I would like to thank all of Valeo’s employees around the world for their unwavering commitment and to assure them of my support during the current health crisis.
The principal role of the Board of Directors – which met 10 times in 2019 – is to determine Valeo’s business strategies and ensure that they are implemented effectively. 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. Currently, 42% of the Board’s members are women. Excluding the director representing employees, who is not counted, all members except the Chairman and Chief Executive Officer are independent.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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</thead>
<tbody>
<tr>
<td>JACQUES ASCHENBROICH</td>
<td>CHAIRMAN AND CHIEF EXECUTIVE OFFICER</td>
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<tr>
<td>BRUNO BÉZARD</td>
<td>MANAGING PARTNER, CATHAY CAPITAL PRIVATE EQUITY</td>
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<tr>
<td>ÉRIC CHAUVIREY</td>
<td>DIRECTOR REPRESENTING EMPLOYEES</td>
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<tr>
<td>STÉPHANIE FRACHET</td>
<td>DIRECTOR, BPIFRANCE INVESTISSEMENT, MEMBER OF THE MANAGEMENT COMMITTEE,</td>
</tr>
<tr>
<td>MARI-NOËLLE JÉGO-LAVEISSIÈRE</td>
<td>DEPUTY CHIEF EXECUTIVE OFFICER, TECHNOLOGY &amp; GLOBAL INNOVATION, ORANGE</td>
</tr>
<tr>
<td>C. MAURY DEVINE</td>
<td>DIRECTOR (VARIOUS COMPANIES)</td>
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<tr>
<td>STÉPHANIE FRACHET</td>
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</tr>
<tr>
<td>GILLES MICHEL</td>
<td>DIRECTOR (VARIOUS COMPANIES)</td>
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<tr>
<td>GEORGES PAUGET</td>
<td>LEGAL MANAGER OF ALMITAGE16.LDA (PORTUGAL), ALMISANTO.LDA (PORTUGAL),</td>
</tr>
<tr>
<td>OLIVIER PIOU</td>
<td>VICE CHAIRMAN OF THE BOARD OF DIRECTORS, NOKIA</td>
</tr>
<tr>
<td>PATRICK SAYER</td>
<td>CHAIRMAN OF AUGUSTA</td>
</tr>
<tr>
<td>ULRIKE STEINHORST</td>
<td>FOUNDER, NURIA CONSULTANCY, DIRECTOR (VARIOUS COMPANIES)</td>
</tr>
<tr>
<td>VÉRONIQUE WEILL</td>
<td>GENERAL MANAGER RESPONSIBLE FOR OPERATIONS, IT, REAL ESTATE, INSURANCE</td>
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</table>
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.
THE AUTOMOTIVE MARKET

In 2019, the automotive market had to contend with a complex environment of trade tensions and declining demand. This was particularly the case in China, the world’s biggest automotive market, where authorities reduced subsidies and grants for electric vehicle purchases.

89 MILLION VEHICLES SOLD WORLDWIDE

SALES DOWN 6% ACROSS THE WORLD\(^{(1)}\)

SALES DOWN 5.4% IN FRANCE\(^{(1)}\)

SALES DOWN 10% IN CHINA\(^{(1)}\)

A MARKET IMPACTED BY

THE TIGHTENING OF ENVIRONMENTAL REGULATIONS

130G/KM
CAP ON CO\(_2\) EMISSIONS IN EUROPE IN 2015

95G/KM
CAP ON CO\(_2\) EMISSIONS IN EUROPE IN 2020

59G/KM
CAP ON CO\(_2\) EMISSIONS IN EUROPE IN 2030

DIESEL BANS ACROSS THE WORLD

2019
OSLO
COPENHAGEN

2020
OXFORD

2024
PARIS
ROME

2025
MADRID
BRUSSELS
AMSTERDAM
MEXICO CITY

2030
AUCKLAND
BARCELONA
CAPE TOWN
LOS ANGELES
MILAN
QUITO
SEATTLE
VANCOUVER

\(^{(1)}\) Based on IHS automotive production estimates released on January 16, 2020/CPCA estimates for data relating to China.
### ADAS Market

**Global Market**
- **In 2019**
  - \(€10\text{BN} \rightarrow €12\text{BN}\)
- **In the Future**
  - \(x2\) \(€10\text{BN} \rightarrow €20\text{BN}\) by 2022
  - \(x4\) \(€10\text{BN} \rightarrow €40\text{BN}\) by 2030

**For Valeo**
- **In 2019**
  - No. 1 worldwide
- **In the Future**
  - More than \(€3\text{BN}\) in sales in 2022
  - 1 in 4 vehicles equipped with Valeo ADAS
  - Order book worth \(€11\text{BN}\)

### Electrification Market

**Global Market**
- **In 2019**
  - 7 million electrified vehicles were manufactured worldwide, i.e., more than 7% of all vehicles manufactured
- **The Future**
  - \(x5\) \(€26\text{BN} \rightarrow €130\text{BN}\) by 2030

**For Valeo**
- **In 2019**
  - No. 1 worldwide
  - Order book worth \(€7.5\text{BN}\) for 48V and \(€11\text{BN}\) from high voltage (Valeo Siemens Eautomotive)
- **In the Future**
  - More than \(€1.1\text{BN}\) in sales, with 40% market share for 48V in 2022
  - \(€1.4\text{BN}\) in sales for high voltage in 2022

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(2) Corporate Average Fuel Economy (CAFE) regulation.
Despite a challenging environment in 2019, Valeo’s leadership in electrification and ADAS – driven by its 12 new key technological platforms – enabled it to outperform the market by six percentage points during the year. The Group posted an increase in EBITDA and strong free cash flow generation of 519 million euros, confirming its capacity to finance its expansion and support the development of the Valeo-Siemens joint venture.

**SALES in billions of euros**

- 2018: 19.1
- 2019: 19.2 (1)

**SALES BY DISTRIBUTION NETWORK as a % of sales**

- 84% Original equipment
- 16% Aftermarket and other
- €19.2bn

**MILLION EUROS IN SALES IN 2019 (UP 1% ON 2018)**

- 19,244

**6pt OUTPERFORMANCE IN A CHALLENGING AUTOMOTIVE MARKET**

**OPERATING MARGIN in millions of euros and as a % of sales, excluding share in net earnings of equity-accounted companies**

- 2018: 1,203 (6.3%)
- 2019: 1,034 (5.8%) (1)

(1) Excluding the Top Column Module (TCM) business and the impact of the General Motors strike.
11 billion euros: cumulative order intake at end-2019 for the Valeo Siemens eAutomotive joint venture.

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

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.
NON-FINANCIAL PERFORMANCE

FROM MEGATRENDS TO INNOVATION

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

VALEO AND THE ENVIRONMENT

TOTAL DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) GHG (1)
EMISSIONS AS A % OF SALES
(TCO$_2$/€m)

VALEO AND ITS EMPLOYEES

AVERAGE HOURS OF TRAINING PER EMPLOYEE

50% OF EMPLOYEES ARE VALEO SHAREHOLDERS
UP 37% VS 2018

99.8% OF PEOPLE CONCERNED BY THE FIGHT AGAINST CORRUPTION WERE TRAINED

FREQUENCY RATE OF OCCUPATIONAL ACCIDENTS (TF1)

€6.5M INVESTED IN ENVIRONMENTAL PROTECTION (EXCLUDING CLEANUP COSTS)
UP 11% VS 2018

(1) Greenhouse gas.
SHARE PERFORMANCE

OWNERSHIP STRUCTURE AT FEBRUARY 21, 2020
% of share capital (% of voting rights)

- Other(1) 79.46% (79.90%)
- BlackRock Inc. 5.16% (5.05%)
- Harris Associates LP 5.16% (5.05%)
- Bpifrance Participations 5.13% (5.02%)
- Norges Bank 5.12% (5.01%)

241,036,743
Number of shares

246,278,753
Number of voting rights

(1) including 2,032,342 treasury shares (0.84% of the share capital).

STOCK MARKET DATA

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td>Market capitalization at year-end (in billions of euros)</td>
<td>14.92</td>
<td>6.13</td>
<td>7.57</td>
</tr>
<tr>
<td>Number of shares</td>
<td>239,653,121</td>
<td>240,253,100</td>
<td>241,036,743</td>
</tr>
<tr>
<td>Highest share price (in euros)</td>
<td>67.80</td>
<td>66.48</td>
<td>37.02</td>
</tr>
<tr>
<td>Lowest share price (in euros)</td>
<td>54.05</td>
<td>23.20</td>
<td>23.06</td>
</tr>
<tr>
<td>Average share price (in euros)</td>
<td>60.28</td>
<td>45.72</td>
<td>28.73</td>
</tr>
<tr>
<td>Share price at period-end (in euros)</td>
<td>62.27</td>
<td>25.51</td>
<td>31.41</td>
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SHARE PRICE AND MONTHLY TRADING VOLUMES
in euros

<table>
<thead>
<tr>
<th></th>
<th>DECEMBER 31, 2016</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2019</th>
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<tr>
<td>Valeo</td>
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<tr>
<td>CAC 40</td>
<td></td>
<td></td>
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<tr>
<td>STOXX 600 A&amp;AP (European automobiles &amp; parts index)</td>
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Valeo is ideally positioned as close as possible to its markets, enabling it to capture growth at its source, support automakers in their development and supply spare parts to repair professionals.

NORTH AMERICA
25 PLANTS
6 R&D CENTERS
2 DISTRIBUTION PLATFORMS
19,563 EMPLOYEES

SOUTH AMERICA
8 PLANTS
3 R&D CENTERS
2 DISTRIBUTION PLATFORMS
3,357 EMPLOYEES
EUROPE
(incl. Africa)
76 PLANTS
32 R&D CENTERS
8 DISTRIBUTION PLATFORMS
55,028 EMPLOYEES

ASIA
(including the Middle East and Oceania)
82 PLANTS
18 R&D CENTERS
3 DISTRIBUTION PLATFORMS
36,752 EMPLOYEES
2019 HIGHLIGHTS

BOOSTING GROWTH
At the 2019 Valeo Investor Day, the Group unveiled its 12 new key technological platforms, which are now operational. These new platforms, which are the result of a 500 million euro investment, strengthen the Group’s leadership position in vehicle electrification and ADAS and fundamentally transform its product portfolio.

To find out more, see pages 36-37

PROMOTING NEW MOBILITY
Valeo unveiled eDeliver4U, its autonomous, electric delivery droid, developed in partnership with Meituan Dianping, China’s leading e-commerce platform for services. Designed for zero-emission urban areas, the droid autonomously negotiates urban environments without generating any pollutant emissions.

GROWING RESPONSIBLY
For the third consecutive year, Valeo emerged as the leading member of the automotive industry in the 2019 ranking of the 100 most sustainable corporations, which is published by Corporate Knights at the Davos Forum.
INNOVATING FOR THE FUTURE

Valeo won three awards at the Coyote Innovation Awards for three of its new solutions.

Valeo reversible charger, which reinjects surplus electricity from a vehicle’s battery into the local grid, took first place in the “Green Innovation” category.

Valeo XtraVue Trailer, which enables drivers to see through the trailer or caravan they are towing, took first place in the “Safety” category.

Valeo Voyage XR, which brings friends and family virtually on board the vehicle using augmented reality, won a prize in the “Techno Innovation” category.
2019 HIGHLIGHTS

TAKING CARE OF PASSENGERS AND CITIZENS

Inside the vehicle. Valeo Smart Cocoon 4.0 creates an environment of well-being inside the vehicle by adapting the light, fragrance and temperature to each individual’s needs and physiological state. A technology enabling the vehicle to “empathize” with its users.

In urban settings. For six months, Valeo mapped Paris’ air quality using sensors placed on a fleet of 20 vehicles. The sensors collected and transmitted 28 million data points on pollution in real time, covering 80% of Parisian streets. The Group’s mapping solutions can be integrated onto all types of vehicles to support local communities in managing air quality.

COMBINING EXPERTISE

At the beginning of 2020, Valeo and Dana Incorporated released their end-to-end 48V hybrid and electric vehicle transmission systems. Under the global partnership, Valeo supplies the motor and inverter and Dana provides the transmission system.
SUPPORTING GROWTH

Valeo welcomed back Bpifrance as a shareholder, demonstrating the solidity of its innovation-centric strategy.

COMMITTED TO GENDER EQUALITY

Valeo has extended the gender equality index, which is mandatory in France, to all of its host countries, with measurable targets for the representation of women in governing bodies. Gender diversity is one of the Group’s three sustainable development priorities for 2020.

BETTING ON ARTIFICIAL INTELLIGENCE

As a major player in artificial intelligence for automotive applications with its AI research center, Valeo has signed up to the AI for Humanity strategy launched by the French government. Alongside seven industrial players, Valeo aims to make AI a source of growth and employment for the manufacturing sector.
“We offer smart technologies for smarter mobility”.

As a technology company, Valeo focuses on innovation to shape the future of mobility. With its 12 key technological platforms that can be customized and standardized to meet customer needs, Valeo is significantly increasing its content per vehicle, strengthening its resilience in an uncertain market. Its cutting-edge technologies will equip new mobility means such as robotaxis and delivery droids in the future.
WORLD-CLASS R&D

Valeo invests heavily in R&D to make mobility greener, safer and more sustainable. The Group is the biggest patent filer in France, developing world firsts that are shaping the mobility of the future.

12 NEW KEY TECHNOLOGICAL PLATFORMS

1,261 VALEO EXPERTS

59 RESEARCH AND DEVELOPMENT CENTERS

19,900 RESEARCH AND DEVELOPMENT ENGINEERS

39 DEVELOPMENT CENTERS

200 EXPERTS IN ARTIFICIAL INTELLIGENCE, MACHINE LEARNING AND DEEP LEARNING

20 RESEARCH CENTERS

7,000 SOFTWARE ENGINEERS WORLDWIDE
1,698
PATENTS FILED IN 2019

33,340
PATENTS IN VALEO'S PORTFOLIO

BIGGEST FRENCH PATENT FILER WITH THE EUROPEAN PATENT OFFICE

47%
OF ORDER INTAKE IS FOR TECHNOLOGICAL INNOVATIONS

€2BN
INVESTED IN R&D IN 2019

12.6%
OF ORIGINAL EQUIPMENT SALES
MORE INNOVATION,

THANKS TO ITS TECHNOLOGICAL PLATFORMS, VALEO HAS SIGNIFICANTLY INCREASED ITS CONTENT PER VEHICLE, BY BETWEEN TWO AND TEN TIMES, DEPENDING ON THE TECHNOLOGY AND THE VEHICLE. VALEO IS A STRATEGIC PARTNER FOR AUTOMAKERS.
VOLKSWAGEN — GOLF 8
X
3.4
CONTENT
PER CAR

VOLKSWAGEN — ID.3
X
4.5
CONTENT
PER CAR

GREATER VALUE

PIXEL LIGHTING  FRONT CAMERA  48V  AC MODULE
FRONT CAMERA  REVERSIBLE CHARGER
12 KEY TECHNOLOGICAL PLATFORMS

Presented at Valeo’s Investor Day in Paris in December 2019, these 12 new key technological platforms give Valeo a competitive advantage, creating significant barriers to entry in its markets and helping it increase its average content per vehicle in the fields of electrification and ADAS.
1. Why has Valeo always used technological platforms?

Our technological platforms aim to standardize technical solutions and manufacturing processes worldwide. Of our 12 new key technological platforms, eight are dedicated to vehicle electrification – including three via our Valeo-Siemens joint venture for high-voltage electrical systems – and four are for ADAS. These technological platforms represent a total investment of €500 million over the past five years. We can now reap the benefits, as they are expected to generate €2.6 billion in sales by 2022. The platforms are double-digit growth drivers for each technology concerned, giving Valeo a strong competitive edge thanks to the significant economies of scale they unleash.

2. What do they help Valeo achieve?

These 12 new technological platforms are key as they enable Valeo to rapidly develop products in the areas of electrification and autonomous driving using a range of technological building blocks, including hardware and software. They have also led Valeo to significantly increase its content per vehicle, by between two and ten times depending on the type of technology. Thanks to the platforms, we have profoundly transformed our product portfolio and cemented our leadership in high- and low-voltage electrification and ADAS, the two automotive market segments set to witness fast growth over the coming years.

3. How will automakers and users benefit?

We are equipped to help our customers launch their flagship models and allow them to benefit from our cutting-edge technologies for the best price, at a time when their ranges are being overhauled to comply with new standards. Although highly standardized, our technological platforms have the necessary flexibility to adapt to automakers’ specific needs. All in all, they will make mobility safer, greener and smarter with technologies that can meet a wide variety of needs and uses, equipping not only cars, but also two- and three-wheelers, robotaxis and droids.
FOUR BUSINESS GROUPS, MULTIPLE SYNERGIES

TWO OUT OF THREE ELECTRIC VEHICLES LAUNCHED IN EUROPE BETWEEN 2019 AND 2022 WILL BE EQUIPPED WITH VALEO HIGH-VOLTAGE SOLUTIONS AND ONE OUT OF FOUR VEHICLES PRODUCED WORLDWIDE IN 2019 WAS EQUIPPED WITH VALEO ADAS SOLUTIONS.

COMFORT & DRIVING ASSISTANCE SYSTEMS

THERMAL SYSTEMS BUSINESS GROUP

POWERTRAIN SYSTEMS BUSINESS GROUP

VISIBILITY SYSTEMS BUSINESS GROUP
COMFORT & DRIVING ASSISTANCE SYSTEMS

The Comfort & Driving Assistance Systems Business Group takes a human-centric approach by making mobility safer and more enjoyable. Valeo enjoys a solid positioning in all areas of mobility – from automated driving to connected cars, user experience and services – a rapidly growing segment.

The Business Group has developed modular product platforms to offer scalable solutions tailored to its customers’ needs, such as perception technology for ADAS and autonomous driving, secure connectivity solutions and systems for intuitive user-vehicle interaction. In 2019, Valeo optimized a powerful software platform to support the launch of multiple key innovations, including Valeo XtraVue Trailer, a system that enables drivers to see the road behind them when towing a trailer, designed for a major US automaker. Additionally, the first driver monitoring system was developed for a leading Chinese automaker using Valeo’s cameras and software. The Group also launched an affordable ADAS system for a major Japanese automaker, providing adaptive cruise control, lane centering and automatic emergency braking functions. Lastly, the Business Group won a contract for keyless entry and start systems thanks to an exclusive, longstanding partnership with a major French automaker. At CES in Las Vegas in January 2019, Valeo presented a number of key innovations, such as Valeo Voyage XR – a virtual and augmented reality system which can be used to “teleport” people into a moving vehicle – and Valeo Drive4U® Remote, a solution that allows an operator to take control of an autonomous vehicle remotely using existing 4G networks.

“2019 was a decisive year. Thanks to our cutting-edge detection technologies, we supported our main clients in launching innovative solutions for individual vehicles and mobility services. Our platforms enable us to offer turnkey projects, which include system integration and validation.”

MARC VRECKO
PRESIDENT, COMFORT & DRIVING ASSISTANCE SYSTEMS BUSINESS GROUP

NO. 1 WORLDWIDE IN ADAS

€3.6BN IN SALES
World leader in automotive electrification both for all-electric and hybrid vehicles, Valeo powers all types of vehicles, from two- and three-wheel urban vehicles to premium sedans and SUVs. The Group is making the electrification of mobility a reality, accelerated by the tightening of environmental regulations and driving restrictions in certain cities. Valeo develops and offers high value-added, end-to-end systems that are ready to be assembled on automakers’ assembly lines. Its strength lies in its technological expertise in two key markets: 48V low-voltage powertrains – a cost-effective electrification solution – and high-voltage powertrains – through its joint venture Valeo Siemens eAutomotive. In a world first, the Group has unveiled the Valeo eDeliver4U, an autonomous, electric delivery droid, positioning it on the small mobility and urban delivery market, which is full of potential. Three major events stood out for the Business Group in 2019: the partnership with DANA, an expert in electric transmission mechanisms, to bring end-to-end 48V systems to market; winning the Coyote Award in the “Green Innovation” category for a reversible charger that injects electricity from a vehicle battery into the power grid; and the commercial success of its 48V solutions, with new order intake for a three-wheel vehicle in India.

“Thanks to nearly a century of experience, Valeo’s design expertise covers the entire powertrain system, including the transmission and integration. Our solutions can be tailored to all types of transmission, allowing us to address growth in the market for hybrid and electric vehicles. Today, we are developing a second generation of technologies with electronic components.”

XAVIER DUPONT
PRESIDENT, POWERTRAIN SYSTEMS BUSINESS GROUP
THERMAL SYSTEMS

The Thermal Systems Business Group is tackling automotive industry challenges in two areas: smart management of thermal systems and passenger health and well-being.

For the Thermal Systems Business Group, vehicle electrification is fundamental and the thermal management solutions that come with it improve passenger comfort without compromising travel range, while keeping the batteries of hybrid and electric vehicles at the right temperature. Valeo has developed battery cooling control technologies for all fast charging systems up to 350 kW. The Group also enhances vehicle performance by making it lighter and more aerodynamic. With life on board electric and autonomous cars opening up new perspectives, Valeo has developed smart comfort solutions such as the Valeo Smart Cocoon 4.0. As well as improving air quality inside the cabin, this innovation adjusts to each passenger’s individual comfort preferences by analyzing their metabolism, how they are dressed and whether they are hot or cold. 2019 was an exciting year for Valeo. The Group secured new contracts with leading European and Asian automakers in vehicle electrification. It also began series production for a number of electric vehicle applications and systems. We pride ourselves on our ability to offer technologies sought by the market and our global industrial presence, which enables us to meet the needs of the automotive sector. Thanks to these strengths, almost 40% of orders placed in 2019 were for innovative applications in vehicle electrification. For example, Valeo started series production for the first electric compressor on the market, as well as a heat pump and a hydraulic battery cooling system for a French automotive group.

“Our product portfolio is perfectly suited to meet the industry’s emerging needs and take on the challenges of electrification in all regions across the world. Our innovations significantly boost the value of our content per electrified vehicle.”

FRANCISCO MORENO
PRESIDENT, THERMAL SYSTEMS BUSINESS GROUP
The Visibility Systems Business Group designs and produces exterior and interior lighting, windshield wiper and sensor cleaning systems to help motorists drive more comfortably and safely in all conditions.

In a market where take-up of LED headlamps is increasing, Valeo offers a wide range of solutions, from cost-optimized design for entry-level vehicles to high-performance systems. Its solutions include the first high-definition LED lighting system, Valeo PictureBeam™ Monolithic, which projects up to 4,000 pixels onto the road. Valeo has also capitalized on the extension of rear lights across the entire width of the vehicle, offering a choice of lighting strips. Meanwhile, interior lighting is an essential part of the travel experience and something to which automakers are paying increasing attention as the autonomous vehicle gains traction. The rise of the automated vehicle will be made possible thanks to the sensor cleaning solutions developed by the Business Group, which ensure that they can operate in all conditions, such as, dust, rain and mud. Like Valeo’s windshield wiper systems – the most innovative on the market – the Group makes its cleaning expertise available to automakers and players in the automated mobility industry to design effective solutions that use less cleaning fluid. As all of these lighting, wiper and cleaning systems are filled with electronics, the Business Group created Vistronic, an entity specializing in electronics, from engineering right through to industrial production.

“Growth in the Visibility Systems Business Group is driven by the generalization of LED lighting, the increasing uptake of smart lighting systems, the electrification of wiper system motors and the emerging yet dynamic sensor cleaning market.”

MAURIZIO MARTINELLI
PRESIDENT, VISIBILITY SYSTEMS BUSINESS GROUP
Dedicated to automakers and aftermarket professionals, Valeo Service contributes to mobility for all by providing quality replacement parts for vehicles on the road worldwide, whose average age is constantly increasing.

Valeo Service is a world leader in replacement parts and repairs. It has a footprint in over 150 countries, supporting all industry professionals on a daily basis. Its strengths include (i) its leading position in the original equipment market, guaranteeing its future growth, (ii) its aftermarket product portfolio, which is one of the largest in the world with over 50,000 parts, including 13,000 new parts every year, and (iii) its proximity to professionals. Valeo Service develops innovative solutions for the aftermarket and helps distributors and workshops develop their skills. In 2019, automotive market conditions were challenging, owing to the slowdown in business in Europe, China and Turkey, as well as the closure of the Iranian market. The Business Group ramped up its digitalization with the rollout of its pack of e-services, including Valeo Tech@ssist, its online technical assistance platform, available on Valeo Service’s 19 websites, the WeChat platform in China and on the extranets of a growing number of distributors. This assistance platform offers intuitive and fast searches for parts, comprehensive technical information and multilingual training modules. To enable everyone to maintain their technical skills as technology becomes increasingly complex, Valeo has rolled out an extensive training program for mechanics. More than 50,000 mechanics were trained under the program in 2019.

200,000 VALEO TECH@SSIST USERS

DISTRIBUTION TO 150 COUNTRIES

“In 2019, Valeo Service ramped up its digitalization and its focus on the replacement and repair market. In the future, our goal is to become the leader in the hybrid and electric vehicle aftermarket, building on the remarkable success of the order intake recorded by Valeo and its joint venture Valeo Siemens eAutomotive.”

ÉRIC SCHULER
PRESIDENT, VALEO SERVICE
Based in all of the Group’s strategic markets, Valeo’s plants manufacture high-tech products that meet the needs of customers worldwide. They are increasingly using production methods that incorporate new technologies and are continuously optimizing their environmental efficiency. Today, the Group’s plants are pursuing digital transformation to optimize predictive maintenance, improve product quality and model their production processes, resulting in a technological transformation that is both organizational and cultural.
THE PLANT OF THE FUTURE IS GAINING MOMENTUM

The plant of the future has already arrived. All but virtual, it provides precision, quality, productivity and security. Valeo already has 24 such plants across the world.

EXCELLENCE
With the simple goal of customer satisfaction, digitalization and automation improve plant reliability and productivity, resulting in a very low rate of quality issues in the parts the Group delivers.

ROBOTICS
The number of robots has doubled over the past four years. Robots give operators relief from arduous tasks and manufacture parts in large quantities with very high precision.

DATA MANAGEMENT
As the number of sensors increases, the quantity of data collected is soaring. As a result, plants are gradually moving away from a paper-based and business line-structured organization to a data-centric one.

HIGH-TECH
24 pilot plants are testing new high-tech production methods which are then being applied at Valeo plants throughout the world. Highly qualified technicians must therefore be hired to manage these technologically sophisticated production lines.
INCREASINGLY DIGITAL AND AUTOMATED PLANTS

The digitalization and robotization of Valeo plants, which started in 2015, have completely transformed the Group’s production facilities. Today, the plant of the future is a reality.

High-tech production methods. Innovation is not just for products. It also concerns production methods. Valeo designs and manufactures high-tech products in high-tech plants. The Group uses a network of mother plants to develop manufacturing processes which are then deployed in other plants across the world, known as “daughter” plants. Such is the case for alternator manufacturing sites in China, South Korea, India, Mexico and Turkey, which use the processes developed by the Étaples plant in France. The high level of automation in plants such as Étaples addresses the growing complexity of products related to vehicle electrification and autonomous driving. Valeo’s robot density is three times higher than the automotive industry average. These robots provide precision, quality, productivity and security.

Big data at the heart of the plant. As the number of sensors required to interpret vibrations, record movements and measure temperature on production lines increases, the quantity of data is soaring. For this reason, they are at the center of every stage of the manufacturing process, from reception and manufacturing to assembly and shipment. These data are shared and analyzed, enabling predictive maintenance, process optimization, component localization, and traceability of raw materials and produced parts. Sharing these data requires strict transparency and strong collaboration. Behavioral change must therefore be encouraged and supervisory staff must be trained when new technologies are introduced.

6% OF SALES DEDICATED TO INVESTMENT EXPENDITURE

3 TIMES MORE ROBOTS IN VALEO’S PLANTS THAN IN THE REST OF THE AUTOMOTIVE INDUSTRY
INCREASINGLY EFFICIENT PLANTS

Valeo’s manufacturing and distribution facilities, which are constantly being optimized, directly help to increase its profitability, product quality and customer service.

In 2019, continuous improvement in industrial performance helped to significantly boost the Group’s profitability. The application of Valeo production system tools and methodologies generated 50 million euros in savings in 2019, while the optimization of storage and logistics costs resulted in 34 million euros in savings and a reduction in total inventory levels equivalent to 50 million euros between end-2018 and end-2019.

Aiming for operational excellence. To support its growth and ensure zero defects, Valeo takes a rigorous approach at all of its plants, Research and Development centers and distribution platforms. To maintain this high level of quality over the long term in its 33 host countries, the Group applies the “5 Axes” methodology: Total Quality, Production System, Supplier Integration, Involvement of Personnel, Product Development. The methodology acts as a tool to help onboard new employees and a shared language, which all employees learn through specialized training given by certified regional instructors.

3 DEFECTIVE PARTS PER MILLION PRODUCTS DELIVERED IN 2019

66 QUALITY DISTINCTIONS FROM CUSTOMERS WORLDWIDE (MORE THAN ONE PER WEEK)
PLANTS IN CLOSE PROXIMITY TO MAIN MARKETS

With 191 plants and 15 distribution platforms, Valeo has outstanding industrial facilities located in immediate proximity to automakers and major consumer markets. This geographic positioning means it can offer just-in-time delivery to its customer assembly lines and spare parts to repair specialists, capture growth at its source, and support the growth of each market. The Group supports its longstanding customers in regions with long-term, high-growth potential, while continuing to expand in mature regions.

NORTH AMERICA
25 PLANTS
6 DEVELOPMENT CENTERS
2 DISTRIBUTION PLATFORMS
CANADA, MEXICO, UNITED STATES

SOUTH AMERICA
8 PLANTS
3 DEVELOPMENT CENTERS
2 DISTRIBUTION PLATFORMS
ARGENTINA, BRAZIL

WESTERN EUROPE
48 PLANTS
15 RESEARCH CENTERS
11 DEVELOPMENT CENTERS
5 DISTRIBUTION PLATFORMS
BELGIUM, FINLAND, FRANCE, GERMANY, IRELAND, ITALY, NETHERLANDS, NORWAY, SPAIN, UNITED KINGDOM

CENTRAL AND EASTERN EUROPE
19 PLANTS
5 DEVELOPMENT CENTERS
3 DISTRIBUTION PLATFORMS
CZECH REPUBLIC, HUNGARY, POLAND, ROMANIA, RUSSIA, SLOVAKIA, TURKEY

AFRICA
9 PLANTS
1 DEVELOPMENT CENTER
EGYPT, MOROCCO, SOUTH AFRICA, TUNISIA

ASIA & MIDDLE EAST/ OCEANIA
82 PLANTS
5 RESEARCH CENTERS
13 DEVELOPMENT CENTERS
3 DISTRIBUTION PLATFORMS
CHINA, INDIA, INDONESIA, JAPAN, MALAYSIA, SOUTH KOREA, THAILAND

LOCALY INTEGRATED PLANTS

As employers, consumers and community participants, Valeo’s sites are key players in the economic and social fabric of the regions where the Group operates.

78% OF PLANTS RUN BY A LOCAL DIRECTOR
100% OF SITES ORGANIZED AT LEAST ONE INITIATIVE TO HELP LOCAL COMMUNITIES IN 2019
79% OF SITES HAVE PARTNERSHIPS WITH SCHOOLS OR LOCAL TRAINING BODIES
Étaples is one of the Group’s 191 plants. With 32,000 products manufactured every day and 8 million every year, the site is at the heart of vehicle electrification. 80% of its production is exported, mainly within Europe but also to China, the United States, India and Japan.

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7% OF THE PLANT’S SALES ARE DEDICATED TO ON-SITE R&D

WELCOME TO HIGH-TECH

THE ÉTAPLES PLANT, BASED IN THE HAUTS-DE-FRANCE REGION IN NORTHERN FRANCE, IS ONE OF THE BIGGEST AUTOMOTIVE ALTERNATOR AND STARTER-ALTERNATOR PLANTS IN THE WORLD. THIS HIGH-TECH FACILITY IS AT THE HEART OF THE POWERTRAIN REVOLUTION, WHICH AIMS TO REDUCE CO₂ EMISSIONS.

The Étaples site is a “mother plant” that develops manufacturing processes which are then applied at all other Valeo plants manufacturing alternators worldwide. It includes a prototype production unit that acts like a mini-plant, manufacturing innovative and unique parts. Both its production methods and production lines are high-tech, featuring 215 robots and cobots (collaborative robots) in 2019.
The Étaples site produces the most innovative alternators and starter-alternators in the world. As well as helping to reduce CO₂ emissions, these products also contribute to new car features, such as an accelerator booster and a wonderful Stop & Start system to safely restart a car when the engine stops while the vehicle is at a standstill.

The high levels of technicality of these high-tech production methods require the Group to hire and train new highly-qualified profiles, engineers and electronics experts. Each day, 30 engineers from the Étaples sites are present at automaker plants in China, the United States, Europe and Japan, providing Valeo customers with the expertise needed to use increasingly technological products.

1 OUT OF 10 CARS PRODUCED WORLDWIDE AND 4 OUT OF 10 CARS IN EUROPE ARE FITTED WITH AN ELECTRICAL SYSTEM PRODUCED IN ÉTAPLES

OUT OF 10 CARS PRODUCED WORLDWIDE AND 4 OUT OF 10 CARS IN EUROPE ARE FITTED WITH AN ELECTRICAL SYSTEM PRODUCED IN ÉTAPLES

1,200 PROTOTYPES DELIVERED TO AUTOMAKERS WORLDWIDE PER MONTH

T H E 1 0 0 % É T A P L E S P L A N T
Valeo's sustainable development strategy is embedded in its DNA. The Group takes care to improve the quality of life for its employees to retain them and maintain its reputation to attract new talent. Today, all the solutions developed by the Group help to reduce pollutant emissions and improve well-being and safety for passengers. In all of its host regions, Valeo is committed to boosting the economy, building relationships with local partners and contributing to local communities.
DEVELOPING TALENT TO DRIVE INNOVATION AND GROWTH

As a tech company, Valeo focuses on innovation to develop new mobility solutions and set the scene for its future growth. With this positioning in mind, it seeks to attract the best talent in all areas.

To meet the challenges of vehicle electrification and autonomous and connected driving, Valeo calls on the best experts in a highly competitive environment, particularly for software and niche specialties such as electronics, optics and acoustics. Each Valeo site forges partnerships with schools to share experiences or organize training programs in new professions. Valeo is also very active on social networks, particularly LinkedIn, where it has more than 690,000 followers.

Sustaining the innovation culture. With 59 Research and Development centers, nearly 20,000 researchers and engineers and a center specializing in artificial intelligence and deep learning, Valeo is an attractive employer for scientists. It has an in-house network of 1,261 experts with three-year research mandates. Externally, it builds relationships with higher education structures, with for example two chairs with the Télécom Paris engineering school: one on big data and the other on connected vehicles and cybersecurity.

Standing out through quality of life at work. To retain its employees, ensure their safety and maintain a high level of operational excellence, Valeo has rolled out its “Quality of life @work” approach, which defines quality of life at work and the means and tools for improving it. Targeted surveys are conducted regularly to measure progress. In some countries, the Group works to improve quality of life at work by reducing and optimizing team shifts or offering teleworking for employees whose roles allow for it.

79% OF SITES INITIATED PARTNERSHIPS AND EXCHANGES WITH HIGHER EDUCATION STRUCTURES IN 2019

23.4 HOURS OF TRAINING PER EMPLOYEE ON AVERAGE IN 2019
MAKING SPACE FOR EVERYONE IN THE WORLD OF WORK

As a global group, Valeo is a multicultural and highly diverse company. Everywhere it operates, it strives to offer the best opportunities for all to flourish, and opts to hire locally where possible.

Measurable commitments. Valeo is committed to promoting diversity everywhere, at every level. As well as being a social challenge, diversity is a key performance lever for the Group, which needs to hire talent to support its growth. Valeo focuses on four themes: gender equality, cohesion between the younger and older generations, cultural diversity and the inclusion of people with disabilities. Valeo has set itself measurable targets to promote each pillar of its diversity policy. In early 2020, 32.1% of Group employees were women, 2,177 had disabilities, 15% were more than 50 years old and 78% of site directors were local. In particular, to attract young people from diverse backgrounds, Valeo has launched the Insertion program in France. The aim is to integrate more young people from priority neighborhoods in urban policy, especially for school work experience or work-study programs for college students.

Supporting women at work. For Valeo, gender diversity and equality are a priority, with women representing 35% of new hires in 2019. To support women in their careers, Valeo has launched a program featuring the following three initiatives: experienced women managers sharing their career paths, case studies presented by senior executives, and personalized support through private, informal one-on-ones. In wider society, Valeo helps promote industrial jobs among women, in particular through the French association Elles bougent.
ACTING AS A RESPONSIBLE EMPLOYER

Making forward-thinking choices in technology means guaranteeing jobs today and tomorrow. Valeo is also responsible for ensuring the health and safety of its employees.

The number one priority. Safety is at the heart of Valeo’s corporate culture and is a value shared by all its employees. This top priority is overseen at the highest level of the company and coordinated by all managers, Health, Safety and Environment specialists and the Human Resources teams.

Solid progress. In 2019, Valeo exceeded its goal of reducing the rate of lost-time accidents to less than two by the end of 2020. The Group is also pursuing its objective of obtaining OHSAS 18001 certification for all sites worldwide. At the end of 2019, 85% of Group sites were certified, reflecting its efforts to prevent and assess health and safety risks at work. In particular, the Group has developed “Safety Dojo”. Created to hone the skills of employees and suppliers in safety and ergonomics, Safety Dojo is a training room where people can practice and learn safety measures related to Valeo tools and trades.

Hiring locally. In order to strengthen its presence in different local areas and sustain its performance, Valeo prioritizes hiring people from the communities around its sites. To facilitate the local hiring process, Valeo draws on its 21 Talent Acquisition Centers (TACs) worldwide. These TACs bring together the teams dedicated to searching for and attracting talent so as to generate synergies for hiring on a national or regional level. Managers have access to the “Hiring4me” e-learning module to create an exemplary candidate experience free from any discrimination. The vast majority of sites are now run by local managers, representing a proportion of 78% in 2019.

(1) International standard on occupational health and safety management systems.

1.9
LOST-TIME ACCIDENT FREQUENCY RATE IN 2019,
VS. 2.1 IN 2018

125
SAFETY DOJO SESSIONS IN 2019
VS. 25 IN 2018
3

QUESTIONS FOR...

BRUNO GUILLEMET
SENIOR VICE-PRESIDENT, HUMAN RESOURCES

1. How is Valeo rising to the challenge of hiring in a highly tense environment?

With nearly 30,000 hires per year, it is important for Valeo to demonstrate its attractiveness and maintain its employer brand to support its growth. This is particularly the case for software engineers, whose skills are highly sought after on the market. To ensure it can gather momentum effectively, our Valeo Siemens eAutomotive joint venture is successfully drawing on the excellence of our 21 Talent Acquisition Centers across the world. In some countries where operator turnover is high, our teams give priority to improving quality of life at work to retain them.

2. What is the Group’s policy on gender equality?

Valeo has tackled the issue of diversity head-on, with a particular focus on gender equality. Recruitment of women has increased to reach 35% of all hires. In 2019, Valeo extended the gender equality index, which is mandatory in France, to all of its host countries. 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.

3. In terms of prevention and safety, how did Valeo fare in 2019?

Our policy is to go above and beyond the best standards in our industry, with the goal of contending with the most exemplary companies for safety. We are moving in the right direction, with a significant improvement in results in 2019. The lost-time accident frequency rate was down from 2.1 in 2018 to 1.9 in 2019. While we have surpassed our target a year in advance, we must remain vigilant and not take anything for granted – there is always room for progress.

“We have extended the gender equality index, which is mandatory in France, to all of our host countries, with measurable targets for the proportion of women in governing bodies.”
EN ROUTE TO SUSTAINABLE MOBILITY

Valeo contributes to developing the mobility of tomorrow and ensuring it is widely affordable. Today, the Group is working to achieve the right balance between the increase in mobility – an inalienable right for everybody – and the crucial issue of protecting the environment.

A new mobility ecosystem taking shape.
Mobility needs are growing everywhere with demographic growth, increasing population density in cities and the rise of e-commerce. At the same time, air pollution, traffic congestion and unsafe roads are prompting a paradigm shift. A new ecosystem is emerging around electric, connected and more autonomous vehicles. This is made possible thanks to cooperation between all players, including local authorities, infrastructure developers, energy providers, public transportation companies, highway departments and telecommunications operators. This new form of mobility, focused more on usage than on ownership, is also geared toward on-demand mobility services, with new platforms combining artificial intelligence and dynamic pricing.

Connected, shared on-demand mobility services. At the epicenter of the revolutions shaping mobility, Valeo has transformed its product portfolio and strengthened its leadership in vehicle electrification and ADAS. Both these segments are experiencing rapid growth against a backdrop of tightening environmental regulations, restrictions on traffic in city centers and changes in citizens’ aspirations all over the world.

Valeo targeting low-carbon mobility.
Ideally positioned on the vehicle electrification market, Valeo partners automakers in developing all their ranges of low-carbon vehicles, from small urban cars to premium sedans. To this end, it draws on its comprehensive offer of low-, medium- and high-voltage electrification solutions, backed by the joint venture with Siemens on the high-voltage end. Valeo also works with new mobility players, providing them with similar technologies that can adapt to the mobility solutions of tomorrow, such as autonomous shuttles, robotaxis and two- and three-wheelers, which are undergoing a whole host of developments. For example, at CES in Las Vegas in early 2020, the Group unveiled Valeo eDeliver4U, an autonomous, electric delivery droid prototype. Valeo’s technological leadership is underpinned by its excellent R&D activities and its ability to forge partnerships conducive to the emergence of innovative technological solutions.

1
IN 3 CARS WORLDWIDE IS FITTED WITH A VALEO SYSTEM THAT REDUCES CO₂ EMISSIONS

57%
OF SALES OF VALEO ORIGINAL EQUIPMENT CONTRIBUTES TO REDUCING CO₂ EMISSIONS
1. What makes sustainable development inherent to Valeo’s business?

Our commitment to sustainable development is embedded in our DNA. We have always worked to optimize the energy efficiency and price of our systems and subsystems. This involves taking an eco-design approach for our products, optimizing our production processes and ensuring our solutions are sustainable. Half of our products already contribute to decreasing carbon emissions, making us a key player in sustainable mobility.

2. What was Valeo’s flagship initiative for sustainable development in 2019?

Valeo pays particular attention to its suppliers’ sustainable development practices. Self-assessments were carried out at 80% of our suppliers, at our request, and monitoring programs were implemented as a priority in at-risk countries and activities. In 2019, we ran numerous audits on human rights, health, safety and environmental performance. These audits gave rise to measures to optimize energy consumption and to increase monitoring on our suppliers’ suppliers, for example. The scale of our checks demonstrates how important sustainable development is to Valeo, right up to top management.

3. What is Valeo’s ambition for its future sustainable development strategy?

Our strategy in this key area is entering a new chapter. Founded on an approach of applying best practices, sustainable development is now at the very heart of our strategic product planning, centered around carbon neutrality and energy efficiency. For example, we have launched studies to ensure that our plants and products are perfectly in line with the most rigorous carbon efficiency standards possible.
DEVELOPING VIRTUOUS PRACTICES

With 114,700 employees in 33 countries, Valeo has a responsibility to demonstrate exemplarity in its relationships with stakeholders, its production processes and its products’ carbon footprint.

Prioritizing local areas. Valeo has always applied rigorous policies to prevent fraud and anti-competitive practices. In particular, the Group has strengthened and extended its whistleblowing system to allow internal and external whistleblowers to report on a wide range of issues. With regard to its suppliers, Valeo has tightened its sustainable development requirements to favor a location strategy compatible with economic competitiveness criteria. The strategy has three main objectives: to reduce CO₂ emissions, support local employment and meet local integration expectations.

Product lifecycle and carbon impact. Valeo’s priority is to design recyclable products that are efficient in terms of raw materials. It is performing well, with an average recycling rate of 90%. For example, the latest generation Valeo i-STARS starter-alternator has a recycling rate of 98.2% and a recovery rate of 99.5%. In 2019, the Group worked on the reliability of the data provided by sites on waste, both on the quantities generated and their traceability through to the final stage of treatment. In some regions, specific checks for potentially hazardous waste have been put in place. The goal today is to optimize production processes to limit the volume of waste generated, optimize waste that can be recycled in the manufacturing process and have access to treatment channels. For example, through its remanufacturing activity, Valeo offers a large range of high-quality, environmentally friendly products such as alternators, starters, clutches and air conditioning compressors.

90%
AVERAGE RECYCLING RATE FOR VALEO PRODUCTS
COMMITTED TO ITS HOST COUNTRIES

With more than 200 facilities worldwide, Valeo makes a real difference to economic development and quality of life in many regions. Each plant is run according to its resources and local needs.

As an employer, an indirect source of business and a consumer, each plant has a positive impact on its local economy. Involvement in local life helps maintain this link, which is important for the success of the plants as well as for development in the communities surrounding them. While the Group encourages and sometimes launches local initiatives, the plants also have wide autonomy to manage their relationships and their local initiatives, known as Plants’ Initiatives. The most effective and useful initiatives are shared at Group level to inspire all the other plants. In China, for example, Valeo has helped more than 11,000 children gain access to books. In Thailand and South Korea, the Group runs clean-up events in fragile ecosystems such as the area around the Kumjangdae archaeological site in South Korea.

Solidifying links with the world of education and training. For the dual challenge of hiring and increasing its visibility, Valeo forges close, lasting relationships with schools, universities and technological training institutions. This helps to boost Valeo’s attractiveness, its long-term future and the development of its innovations. To maintain ties with young people of all ages and levels, each plant – in line with its activity and resources and the surrounding context – partners with the world of education and helps set up local research ecosystems. In 2019, all Valeo plants set themselves the goal of carrying out a concrete initiative, including open days, events to raise awareness of careers in manufacturing, and programs to support university-level research. The audiences for these initiatives ranged from elementary and high school children to young people on vocational training programs, engineering undergraduates and PhD students.

100% OF SITES ORGANIZED AT LEAST ONE LOCAL INITIATIVE

58% OF SITES PARTNERED WITH ELEMENTARY OR HIGH SCHOOLS IN 2019
SUSTAINABLE GROWTH TO BENEFIT THE WIDER COMMUNITY

At the epicenter of an ecosystem of stakeholders, with which it is constantly interacting at every stage of its business, Valeo has made sustainable development a driver for its growth. Growth that lasts and that is shared with others.

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

**R&D PARTNERS**
Establish cooperative and industry-oriented Research and Development, enabling it to organize exchanges of expertise, techniques and know-how.

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

**EMPLOYEES**
Ensure ongoing dialog with employees and the leaders of the different labor organizations and professional bodies in order to continue promoting high-quality labor relations.

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

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

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

**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.
Based on an in-depth analysis of its non-financial risks, Valeo measures a set of key indicators to quantify, year after year, the progress of its sustainable development policy built on four main priorities. Embedded in Valeo’s DNA, this policy encompasses seven of the United Nations Sustainable Development Goals.

**PERFORMANCE CHART SHOWING THE KEY OBJECTIVES AND PERFORMANCE INDICATORS OF THE GROUP’S SUSTAINABLE DEVELOPMENT POLICY**

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<tr>
<td><strong>INNOVATION</strong></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%(1)</td>
<td>&gt;40%(1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Share of products contributing to the reduction of CO₂ emissions (% of sales)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Energy and carbon efficiency of production</td>
<td>• Energy consumption as a proportion of sales (KWh/€m)</td>
<td>143</td>
<td>140(0)</td>
<td>142(+1.1%(2))</td>
<td>132(-8%(2))</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Direct (scope 1) and indirect (scope 2) emissions as a proportion of sales (CO₂/€m)</td>
<td>56.3</td>
<td>59.2(+5%(2))</td>
<td>57.55(-3%(2))</td>
<td>51.8(-8%(2))</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>
</tr>
<tr>
<td><strong>ENVIRONMENTAL ECO-EFFICIENCY</strong></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%(0))</td>
<td>16.4(+1%)</td>
<td>15.6(-5%(0))</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Water consumption as a proportion of sales (cu.m/€m)</td>
<td>198</td>
<td>210(+6%(2))</td>
<td>197(-6%(0))</td>
<td>186(-6%(2))</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>&lt;2</td>
</tr>
<tr>
<td><strong>EMPLOYEES</strong></td>
<td>Attracting and retaining talent</td>
<td>• Voluntary turnover of Managers and Professionals (% of M&amp;P workforce)</td>
<td>6.70%</td>
<td>8.50%</td>
<td>8.00%</td>
<td>≤7%</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%</td>
<td>99.80%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Promoting diversity</td>
<td>• Share of women in new hires during the year (% of hires during the year(3))</td>
<td>32.40%</td>
<td>33.00%</td>
<td>34.90%</td>
<td>35.00%(3)</td>
</tr>
<tr>
<td><strong>COMMITMENT TO CORPORATE CITIZENSHIP</strong></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>81%</td>
<td>80%</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>~</td>
<td>61%</td>
<td>68%</td>
<td>80%</td>
</tr>
</tbody>
</table>

(1) Products and technologies in series production for less than three years, including Valeo Siemens eAutomotive in 2019.
(2) Change compared with 2015.
(3) 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.
**RESPONSIBLE PERFORMANCE INDICATORS 2019**

**FROM MEGATRENDS TO INNOVATION**

**GROSS RESEARCH AND DEVELOPMENT EXPENDITURE**

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure</td>
<td>1,895</td>
<td>2,073</td>
<td>2,029</td>
</tr>
<tr>
<td>% of Original Equipment Sales</td>
<td>11.8%</td>
<td>13.0%</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

**ORIGINAL EQUIPMENT SALES DERIVED FROM PRODUCTS THAT CONTRIBUTE TO REDUCING CO₂ EMISSIONS**

% of total 2019 original equipment sales, by Business Group, derived from products that contribute to reducing CO₂ emissions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Sales</td>
<td>57%</td>
<td>&lt;95%</td>
<td>75%</td>
</tr>
</tbody>
</table>

NB: the Comfort & Driving Assistance Systems Business Group’s contribution is not material.
(1) Including Valeo Siemens eAutomotive.

**GREENER AND SAFER MOBILITY IS CENTRAL TO OUR STRATEGY**

- **57% greener**
- **37% safer**

**2019 Original Equipment Sales(1)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Original Equipment Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>17,900</td>
</tr>
<tr>
<td>2018</td>
<td>19,800</td>
</tr>
<tr>
<td>2019</td>
<td>19,900</td>
</tr>
</tbody>
</table>

(1) Including Valeo Siemens eAutomotive.

**RESEARCH AND DEVELOPMENT HEADCOUNT**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount</td>
<td>17,900</td>
<td>19,800</td>
<td>19,900</td>
</tr>
</tbody>
</table>
ENIRONMENTAL INDICATORS

TOTAL DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) EMISSIONS AS A % OF SALES (TCO2/€M)

56.6 55.6 59.2 57.1
2016 2017 2018 2019

PERCENTAGE OF PLANTS CERTIFIED ISO 14001, OHSAS 18001 AND ISO 5001

WATER CONSUMPTION
in cu.m/€m

175 210 197
2017 2018 2019

PACKAGING MATERIALS CONSUMPTION

7.5 5.5 5.7 5.1
2008 2017 2018 2019

Water consumption for domestic use/Sales (cu.m/€m)
Water consumption for industrial use/Sales (cu.m/€m)
Total water consumption (thousands of cu.m)
Packaging materials consumption (t/€m)
Total packaging materials consumption (kt)
Plants certified ISO 14001
Plants certified OHSAS 18001
Plants certified ISO 5001
LABOR-RELATED INDICATORS

**FREQUENCY RATE (FR1\(^{(1)}\) AND FR2\(^{(2)}\)) OF OCCUPATIONAL ACCIDENTS**

<table>
<thead>
<tr>
<th>Year</th>
<th>FR1</th>
<th>FR2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>10.6</td>
<td>3.0</td>
</tr>
<tr>
<td>2018</td>
<td>12.1</td>
<td>2.1</td>
</tr>
<tr>
<td>2019</td>
<td>8.3</td>
<td>1.9</td>
</tr>
</tbody>
</table>

2020 FR1 TARGET: <2

**PERCENTAGE OF WOMEN AMONG NEW HIRES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Engineers and managers</th>
<th>Technicians</th>
<th>Operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>23.7</td>
<td>26.0</td>
<td>38.1</td>
</tr>
<tr>
<td>2018</td>
<td>26.0</td>
<td>32.8</td>
<td>38.1</td>
</tr>
<tr>
<td>2019</td>
<td>36.2</td>
<td>32.8</td>
<td>38.1</td>
</tr>
</tbody>
</table>

**AVERAGE HOURS OF TRAINING PER EMPLOYEE**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23.6</td>
<td>24.6</td>
<td>23.4</td>
</tr>
</tbody>
</table>

**NUMBER OF EMPLOYEES WITH DISABILITIES WORLDWIDE**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,759</td>
<td>2,376</td>
<td>2,177</td>
</tr>
</tbody>
</table>

---

**FREQUENCY RATE (FR1\(^{(1)}\) AND FR2\(^{(2)}\))**

1. Calculation of FR1: number of lost-time accidents x 1,000,000/number of hours worked during the year.
2. Calculation of FR2: number of occupational accidents, with or without lost time x 1,000,000/number of hours worked during the year.
SOCIAL FOOTPRINT

NUMBER OF SITES RUN BY LOCAL DIRECTORS
as a %

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central and Eastern Europe</td>
<td>57</td>
<td>67</td>
<td>76</td>
</tr>
<tr>
<td>Western Europe</td>
<td>86</td>
<td>75</td>
<td>78</td>
</tr>
<tr>
<td>Africa</td>
<td>0</td>
<td>0</td>
<td>67</td>
</tr>
<tr>
<td>North America</td>
<td>60</td>
<td>64</td>
<td>71</td>
</tr>
<tr>
<td>South America</td>
<td>80</td>
<td>80</td>
<td>83</td>
</tr>
<tr>
<td>Asia</td>
<td>71</td>
<td>82</td>
<td>83</td>
</tr>
</tbody>
</table>

SHARE OF PRODUCTION PURCHASES FOR WHICH THE SUPPLIERS’ SUSTAINABLE DEVELOPMENT PRACTICES WERE ASSESSED DURING THE YEAR
as a %

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central and Eastern Europe</td>
<td>67</td>
<td>77</td>
<td>81</td>
</tr>
<tr>
<td>Western Europe</td>
<td>80</td>
<td>92</td>
<td>83</td>
</tr>
<tr>
<td>Africa</td>
<td>57</td>
<td>57</td>
<td>81</td>
</tr>
<tr>
<td>North America</td>
<td>81</td>
<td>83</td>
<td>76</td>
</tr>
<tr>
<td>South America</td>
<td>83</td>
<td>83</td>
<td>79</td>
</tr>
<tr>
<td>Asia</td>
<td>76</td>
<td>79</td>
<td></td>
</tr>
</tbody>
</table>

SHARE OF SITES PARTNERING WITH LOCAL UNIVERSITIES/ENGINEERING SCHOOLS IN 2019
as a %

<table>
<thead>
<tr>
<th>Region</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central and Eastern Europe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Europe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
DOWNLOAD THE 2019 UNIVERSAL REGISTRATION DOCUMENT(1)

FOR MORE INFORMATION

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WWW.VALEO.COM/EN

FOLLOW US ON SOCIAL MEDIA

(1) New name for the Registration Document.