Information relating to Christophe Périllat's compensation for his role as Chief Executive Officer in anticipation of the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer planned from January 2022

At its meeting held on October 27, 2020, the Board of Directors approved the succession plan for Jacques Aschenbroich according to which Christophe Périllat will succeed him in his role as Chief Executive Officer of Valeo from January 2022. It is noted that as from the appointment of Christophe Périllat as Chief Executive Officer, his employment contract will be terminated, in accordance with the recommendations of the AFEP-MEDEF Code.

At its meeting held on March 24, 2021, and on the recommendation of the Compensation Committee, the Board of Directors set the compensation policy of the Chief Executive Officer in anticipation of the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer planned for January 2022, as summarized below.

The compensation policy of the Chief Executive Officer (following the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer) was set by the Board of Directors, on the recommendation of the Compensation Committee, taking into consideration the current compensation of Christophe Périllat and the compensation and other benefits of Jacques Aschenbroich as Chief Executive Officer of Valeo before the merger of the roles of Chief Executive Officer and Chairman of the Board of Directors in February 2016 (while taking into consideration the evolution of the market). The Board of Directors also relied on a benchmark study carried out by an external advisor (Willis Towers Watson) on compensation practices for similar roles in a sample of CAC 40 and SBF 120 companies, excluding finance and luxury sector companies.

In accordance with Article L. 22-10-8 (former Article L. 225-37-2) of the French Commercial Code, the Shareholders’ Meeting of May 26, 2021 will be called upon to approve the elements of the compensation policy of the Chief Executive Officer in anticipation of the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer (ex ante vote) planned for January 2022.

1. Annual fixed compensation

At its meeting held on March 24, 2021, the Board of Directors, on the recommendation of the Compensation Committee, set the annual fixed compensation of the Chief Executive Officer at EUR 975,000.

2. Annual variable compensation

The maximum amount of the Chief Executive Officer's variable portion, will be set at 120% of his annual fixed compensation which corresponds to the same level as that the Chief Operating Officer, the Associate Chief Executive Officer (Directeur Général Adjoint) and the Deputy Chief Executive Officer (Directeur Général Délégué).

The maximum amount of annual variable compensation (120% of annual fixed compensation) is contingent on the achievement of ambitious objectives to be set by the Board of Directors at a later stage, on the recommendation of the Compensation Committee, and submitted for approval at the 2022

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1 The CAC 40 and SBF120 Panel, excluding finance and luxury sector companies, is available on the Company's website (www.valeo.com), under "Corporate Governance".
General Shareholders’ Meeting called upon to approve the elements of the 2022 compensation policy of the Chief Executive Officer.

3. Long-term compensation policy – Performance shares

For the sake of consistency with the 2021 Chairman and Chief Executive Officer and with the 2021 Deputy Chief Executive Officer long term compensation criteria, the Board of Directors, on the recommendation of the Compensation Committee, established an internal performance criterion relating to the return on capital employed rate (ROCE) as well as an internal performance criterion relating to an EBITDA level which reflects the new criterion for the guidance published by the Group in February 2021, which will also be used in 2022. In addition, given the importance of corporate social responsibility (CSR) issues, the Board of Directors, on the recommendation of the Compensation Committee, has considered it appropriate to set two CSR criteria to the long-term compensation of the Chief Executive Officer, namely an environmental criterion and a gender diversity criterion with ambitious objectives, published at the time of the free share allocation, will be measured over three years. These objectives will be consistent with the carbon neutrality objectives described in Chapter 4, section 4.1.3 "Valeo’s carbon neutrality Plan by 2050" of the 2020 Universal Registration Document and with the gender diversity targets described in sub-section 3.2.1 "Composition of the Board of Directors", paragraph "Diversity policy within the governing bodies" of the 2020 Universal Registration Document. This decision reflects the importance Valeo attaches to these elements and the desire of the Board of Directors to make them part of the long-term objectives.

The performance shares will depend on performance, measured against the following criteria, identical to those applicable to the 2021 Chairman and Chief Executive Officer and to the 2021 Deputy Chief Executive Officer long-term compensation:

(i) two internal performance criteria, namely the EBITDA level as well as the return on capital employed rate (ROCE). The internal performance criteria will represent no more than 60% of the allocated shares (30% for each criterion);

(ii) an external performance criterion, Valeo’s TSR, which will be measured against the CAC 40 index (10%) and against the European Automotive Panel (10%). Thus, the external performance criterion will represent no more than 20% of the allocated shares;

(iii) two corporate social responsibility (CSR)-related criteria: an environmental criterion relating to the level of CO₂ emissions and a gender diversity criterion based on the number of women in the Group’s management committees (relating to the 300 most important Group management positions). The CSR criteria will represent no more than 20% of the allocated shares (10% for each criterion)

The table below summarizes in a synthetic way the criteria and methods used to assess the performance shares selected as part of the compensation policy of the Chief Executive Officer as from the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer:
<table>
<thead>
<tr>
<th>Criterion</th>
<th>Weight / Assessment</th>
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<tbody>
<tr>
<td>Internal performance criterion: ROCE rate (30%)</td>
<td>Performance measured by two criteria (ROCE rate and EBITDA level) for each of the three financial years (Y, Y+1, and Y+2) of the vesting period. The criterion will be satisfied if, for each financial year covered under the grant, the rate effectively achieved for each criterion is greater than or equal to the target rate established by the Board of Directors, it being understood that (i) the target rate cannot be lower than the guidance for the financial year of reference, (ii) the selected criterion cannot be changed by the Board of Directors at a later date and (iii) the target rates cannot be changed by the Board of Directors at a later date, except by a duly justified decision in the context of exceptional circumstances beyond the beneficiaries' control.</td>
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<tr>
<td>- If, for each financial year covered by the scheme, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those three financial years: 100%.</td>
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<tr>
<td>- If, for only two of the financial years covered by the scheme, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those two financial years: 50%.</td>
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<tr>
<td>- If, for only one of the financial years covered by the scheme, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for that financial year: 20%.</td>
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<tr>
<td>- If the target rate for the corresponding criterion is not satisfied for any of the financial years covered by the scheme: 0%.</td>
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<tr>
<td>Internal performance criterion: EBITDA level (30%)</td>
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<tr>
<td>External performance criterion: TSR (20%)</td>
<td>TSR recorded over a period of three years from January 1 of the allotment year to December 31 of the year prior to delivery.</td>
</tr>
<tr>
<td>- If Valeo's TSR recorded over the reference period is greater than the CAC 40 index's TSR recorded over the reference period: 100% (0% if equal or lower).</td>
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<tr>
<td>- If Valeo's TSR recorded over the reference period is greater than the median of the TSRs of the companies in the European Automotive Panel over the reference period: 100% (0% if equal or lower).</td>
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<tr>
<td>Corporate social responsibility: CO₂ emissions (10%)</td>
<td>CSR criterion recorded over a period of three years from January 1 of the allotment year to December 31 of the year prior to delivery and published at the time of the free shares allotment:</td>
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<tr>
<td>- If the level of CO₂ emissions recorded over the reference period is lower than or equal to the target rate established for the reference period: 100% (0% if greater).</td>
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<tr>
<td>- If the number of women within the Group's management committees (relating to the 300 most important Group management positions) recorded over the reference period is greater than or equal to the target rate established for the reference period: 100% (0% if lower).</td>
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</tbody>
</table>

In addition, a presence condition must be met at the time of the allotment. Thus, the performance shares allotted to the Chief Executive Officer will vest only if his term of office has not expired on the vesting date. Entitlement to the performance shares will be lost in the event of (i) dismissal due to gross negligence or willful misconduct or (ii) dismissal for reasons attributable to the Chief Executive Officer’s performance, before the end of the vesting period.

Except for these two cases, the Board of Directors will determine whether or not the Chief Executive Officer will retain his entitlement to the performance shares before the expiry of the vesting period based on an in-depth analysis of the reasons for and circumstances surrounding his departure, it being specified that, in these cases, the benefit of performance shares granted to the Chief Executive Officer before the expiry of the vesting period will be maintained on a pro rata temporis basis of his presence as an executive corporate officer of Valeo. In any event, the shares will only vest if the performance criteria are achieved. By way of exception to the foregoing, in the event of termination of his corporate office in connection with the liquidation of any mandatory and supplementary pension plans and death or disability, entitlement to performance shares will be maintained and the performance criteria will apply to retirement but not to death or disability.

The maximum amount of performance shares allotted to the Chief Executive Officer, valued under IFRS, must not exceed 200% of the Chief Executive Officer annual fixed compensation (i.e., 91% of the maximum annual combined fixed and variable compensations), which corresponds to the same level
as that of Chief Operating Officer, Associate Chief Executive Officer (Directeur Général Adjoint) and Deputy Chief Executive Officer (Directeur Général Délégué).

In accordance with the recommendations of the AFEP-MEDEF Code and the provisions of the Code of Conduct, the Chief Executive Officer is not permitted to use hedging transactions to reduce his risk. It is contemplated that he will make a formal commitment in this respect as required by the AFEP-MEDEF Code. At the end of the holding period set by the Board of Directors, the Chairman and Chief Executive Officer must also hold a significant number of vested performance shares in the form of registered shares until the end of his term of office. This holding obligation will correspond to 50% of the vested performance shares.

4. Pension plan

As an employee of the Group, Christophe Périllat benefits from the so-called "article 39" defined benefit pension plan, which no longer allows for the acquisition of new rights as from January 1, 2020 (the "Closed Plan"). Thus, in accordance with the new legal provisions, a new commitment, effective as of January 1, 2020, in accordance with article L.137-11-2 of the French Social Security Code, has been made in favor of Christophe Périllat, as an employee of the Group (the "New Plan"), which will continue during his term of office as Deputy Chief Executive Officer during which his employment contract will be suspended.

It is noted that, as from the appointment of the Deputy Chief Executive Officer as Chief Executive Officer, his employment contract will be terminated. The termination of Christophe Périllat's employment contract will entail the loss of the benefit of the supplementary pension plan currently attached to his status as employee for the defined benefit pension plan to which he would have been entitled to the benefit of a supplementary pension plan if he had remained an employee within Valeo until his retirement, except for the rights acquired under the New Plan put in place as of January 1, 2020 until the term of his employment contract (i.e. as of the date of his appointment as Chief Executive Officer).

Thus, as of January 2022, the Chief Executive Officer will benefit from an optional defined contribution plan, to replace the acquisition of rights under the defined benefit pension plan.

This plan is governed by Article 82 of the French General Tax Code and allows the employee to build up a capital sum to which he is entitled at retirement. Thus, Valeo will no longer guarantee a certain level of pension but will pay an annual contribution.

The annual gross amount of the payments made by the Company to the insurance company will total 10% of the annual fixed and variable compensation received in each year of vesting, subject to the achievement of the performance condition described hereunder.

Given the loss of the defined benefit pension plan and the accrued rights at the end of 2019, a gross annual amount will also be paid to the insurance company amounting to:

- 10% for the 2022 and 2023 financial years;
- 12.5% for the 2024 and 2025 financial years;
- 15% for the 2026 and 2027 financial years;
- 20% for the 2028 to 2030 financial years (or the following financial years).

These rates will apply to the annual fixed and variable compensation received in each year of vesting, subject to the achievement of a performance condition.

Thus, the gross annual amount paid to the insurance company is subject to a performance condition considered to be achieved if the variable portion of the beneficiary’s compensation, paid in year Y+1 in respect of year Y, reaches 70% of his fixed compensation due in respect of year Y. In the event that the variable portion does not reach 70% of the fixed compensation, the gross annual amount paid will be calculated on a pro rata basis down to zero.
This new scheme was chosen between several alternatives and represents a lower total cost for the Company than the previous plans by approximately 36%, while retaining a retention effect similar to these previous pensions plans insofar as Christophe Périllat will have to remain with Valeo until the age of 65 to benefit from a supplementary pension of equivalent value to that which he had at the time his employment contract was terminated. For example, if he were to retire at 62 (age at which Christophe Périllat will be entitled to claim his legal, and therefore supplementary, pension entitlements) under this new scheme, he would receive a lower pension than under the old plan, with a discount of more than 40%.

**Benefits in kind**

The Chief Executive Officer will also be entitled to benefits in kind which will be set by the Board of Directors, when determining the executive corporate officer’s overall compensation. He will therefore entitled to coverage under the unemployment insurance fund for company managers, the collective and mandatory health, death and disability plan and life insurance covering death, disability or the consequences of any accidents that may occur during business travel. Valeo will also provide him with a company car and a driver.

**Non-compete compensation and termination benefits**

*Non-compete compensation*

In order to protect the Company’s interests, a non-compete clause binding the Chief Executive Officer will be put in place by the Board of Directors.

If the Company triggers the non-compete clause, the executive corporate officer would be prohibited from working in any way for an automotive supplier or, more generally, for any of Valeo’s competitors. The clause will apply for 12 months after the end of his term of office as Chief Executive Officer of Valeo, regardless of the reason for termination.

In consideration, the executive corporate officer would receive non-compete compensation equal to 12 months of compensation (calculated by taking the average compensation (fixed and variable) paid as Chief Executive Officer and, as the case may be, as an employee for the 36 months preceding the month of departure). The compensation would be paid in equal monthly instalments over the entire period to which the non-compete clause applies.

If the Company triggers the non-compete clause, the amount owed would be taken into account to determine his termination benefit described below. As a result, the maximum amounts likely to be paid to the Chief Executive Officer in the form of a non-compete payment and/or termination benefits would be equal to twice the annual compensation (fixed and variable), in accordance with the recommendation of the AFEP-MEDEF Code.

In any event, in accordance with the recommendations of the AFEP-MEDEF Code, no non-compete compensation shall be paid beyond the age of 65 or if the Chief Executive Officer claims his retirement benefits. The Board of Directors will have to decide whether or not the non-compete agreement will be applied at the time the Chief Executive Officer leaves.

The Company reserves the right not to implement this agreement and to waive the non-compete clause (in which case no compensation would be owed).
**Termination benefits**

In the event of early termination of his duties following a change in control or strategy, the Chief Executive Officer shall be entitled, at the initiative of the Company and with the approval of the Board of Directors, except on the grounds of wilful misconduct in the performance of his duties, to termination benefits paid by the Company for a maximum amount of his total compensation as Chief Executive Officer and, as the case may be, as an employee, during the two years preceding the end of his term of office.

Those termination benefits are submitted to performance criteria applicable to the annual variable compensation, in accordance with the following formula:

- \[ \text{Total compensation paid as Chief Executive Officer and, as the case may be, as an employee during the two years preceding the end of his term of office} \times \text{average (in %) of the results achieved for the annual variable compensation as Chief Executive Officer and, as the case may be, as an employee, applicable to the three financial years preceding the departure} \].

Furthermore, the amount effectively paid by the Company would be reduced, as the case may be, so that any other compensation would not have an effect of awarding him with a total compensation higher than the aforementioned amount of two years of compensation, in accordance with the AFEP-MEDEF Code.

**Other compensation components – No multi-annual variable compensation, compensation or benefits on appointment, exceptional compensation, director’s compensation, benefits of any kind under agreements with the Company or any Group company or options or any other long-term compensation component**

The Chief Executive Officer will not be entitled to multi-annual variable compensation, compensation or benefits on appointment or exceptional compensation.

The Chief Executive Officer will not receive compensation in his capacity as director. The Chief Executive Officer will not be entitled to any compensation or other benefits as a result of agreements entered into with the Company or any Group company.

No stock purchase or subscription options or other long-term compensation component other than performance shares will be granted to the Chief Executive Officer.