In determining the compensation policy applicable to the Chairman and Chief Executive Officer for the financial year ending December 31, 2021 (the "2021 Compensation Policy for the Chairman and Chief Executive Officer"), the Compensation Committee has analysed the structure of the Chairman and Chief Executive Officer's compensation based on the current economic situation.

Given the current economic situation and the fact that the comparative review carried out in 2020 on the basis of four panels used by Valeo confirmed that the fixed compensation as well as the ceilings for variable and long-term compensation of the Chairman and Chief Executive Officer are in line with the market, the Compensation Committee recommended to the Board of Directors that these remain unchanged both for the compensation policy for the Chairman and Chief Executive Officer for the financial year ending December 31, 2020 (the "2020 Compensation Policy for the Chairman and Chief Executive Officer") and for the compensation policy for the Chairman and Chief Executive Officer for the financial year ending December 31, 2019 (the "2019 Compensation Policy for the Chairman and Chief Executive Officer").

Following the analysis process, the Compensation Committee nevertheless proposed to the Board of Directors adjustments to the elements used to assess the qualitative and quantifiable criteria of the variable compensation, as described below.

At its meeting held on March 24, 2021, the Board of Directors, on the recommendation of the Compensation Committee, set the 2021 Compensation Policy for the Chairman and Chief Executive Officer, as summarized below.

In accordance with Article L. 22-10-8 (former Article L. 225-37-2) of the French Commercial Code, the General Shareholders' Meeting of May 26, 2021 will be called upon to approve the elements of the 2021 Compensation Policy for the Chairman and Chief Executive Officer (ex ante vote).

1. **Annual fixed compensation**

The Chairman and Chief Executive Officer's fixed annual compensation amounts to EUR 1,100,000. This amount remains unchanged compared to those set in the 2019 Compensation Policy for the Chairman and Chief Executive Officer and in the 2020 Compensation Policy for the Chairman and Chief Executive Officer.

2. **Annual variable compensation**

The maximum amount of the Chairman and Chief Executive Officer's variable portion is 170% of the annual fixed compensation, unchanged compared to those set in the 2019 Compensation Policy for the Chairman and Chief Executive Officer and in the 2020 Compensation Policy for the Chairman and Chief Executive Officer.

In assessing the 2021 Compensation Policy for the Chairman and Chief Executive Officer, on March 24, 2021 the Board of Directors, on the recommendation of the Compensation Committee, decided to make adjustments to the quantifiable criteria and the qualitative sub-criteria previously used, in order

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1. CAC 40, 2. CAC 40 excluding finance and luxury sector companies, 3. European car makers and OEMs and 4. International OEMs. These panels are available on the Company's website (www.valeo.com), under "Corporate Governance".
2. Approved at a rate of 94.03% by the General Shareholders' Meeting of June 25, 2020 under its thirteenth resolution.
3. Approved at a rate of 91.92% by the General Shareholders' Meeting of May 23, 2019 under its tenth resolution.
to better reflect the Group's current financial, non-financial and operational performance objectives.

Thus, for the quantifiable criteria, the Board of Directors, on the recommendation of the Compensation Committee, decided to replace the operating margin rate with an EBITDA level which reflects the new criterion for the guidance published by the Group in February 2021. In addition, and in order to be consistent with the adjustments to the internal performance criteria of the performance share plans decided by the Board of Directors (as described below) and in particular the insertion of an internal performance criterion relating to the rate of return on capital employed (ROCE), the rate of return on capital employed (ROCE) previously used has been removed from the quantifiable criteria of the variable compensation and the respective weighting of each of the other quantifiable criterion has been adjusted accordingly.

Thus, the principles and criteria relating to the annual variable compensation will be as follows for 2021:

<table>
<thead>
<tr>
<th>Quantifiable criteria</th>
<th>Maximum amount of the variable portion as a % of the annual fixed compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>30%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>30%</td>
</tr>
<tr>
<td>Net Income</td>
<td>25%</td>
</tr>
<tr>
<td>Group order intake</td>
<td>30%</td>
</tr>
<tr>
<td>TOTAL QUANTIFIABLE CRITERIA</td>
<td>115%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Qualitative criteria</th>
<th>Maximum amount of the variable portion as a % of the annual fixed compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic vision</td>
<td>20%</td>
</tr>
<tr>
<td>Risk management</td>
<td>15%</td>
</tr>
</tbody>
</table>

Strategic vision assessed against the following elements:
- strategic and technological operations carried out;
- development of technology platforms;
- new evaluation of the presentation at the next strategic seminar of a technology roadmap and its directions on software.

Risk management is assessed in particular against the following elements:
- compliance: new measures implemented to ensure the strict enforcement of anti-corruption, anti-trust and personal data protection rules (GDPR);
- risk management related to the adaptation of the production plant given the new product launches and customer disputes (evolution of the number of "red launches");
- controlling the aftermath of the Covid-19 crisis during 2021;
- quality of the supplies crisis management (electronic components and raw materials).
Corporate Social Responsibility

CSR assessed in particular against the following elements:

- overall assessment of safety performance through the number of lost-time workplace accidents. Particular attention will be paid to France in 2021 with respect to lost-time workplace accidents;
- implementation of specific action plans following the measurement of employees' engagement in the first quarter survey;
- progression of the Gender Equity Index in 2021 to an average of 85 for the Group with no country below 75.

20%

TOTAL QUALITATIVE CRITERIA

55%

TOTAL QUANTIFIABLE AND QUALITATIVE CRITERIA

170%

(1) Excluding regulatory and tax impacts.

(2) Concerning the quantifiable criteria, the impacts of the Covid-19 epidemic and its potential consequences on the Group for the financial year ending December 31, 2021 cannot be predicted on the date of this document (including the resulting components and raw materials crisis which massively impacts the whole automotive industry and will lead notably to a loss of production that cannot be assessed at the date of this document). Thus, when assessing the degree of achievement of these quantifiable objectives, the Board of Directors may take these potential impacts into account.

(3) Including the Top Column Module (TCM) business.

(4) Excluding the Top Column Module (TCM) business and Valeo Siemens eAutomotive (VSeA).

3. Long-term variable compensation – Performance shares

The maximum amount of the Chairman and Chief Executive Officer's long-term variable compensation is 270% of the annual fixed compensation, unchanged compared to the amount set in the 2019 Compensation Policy for the Chairman and Chief Executive Officer and in the 2020 Compensation Policy for the Chairman and Chief Executive Officer.

The Board of Directors, on the recommendation of the Compensation Committee, decided, as part of the 2021 Compensation Policy for the Chairman and Chief Executive Officer, to make adjustments to the criteria used in previous years, in order to better reflect the Group's strategy, financial, non-financial and operational performance objectives, the creation of value for Valeo's shareholders measured against the external performance criterion, the Total Shareholder Return (TSR) and performance measurement in the proposed criteria.

Thus, the Board of Directors, on the recommendation of the Compensation Committee, has decided to replace the internal performance criteria previously used as follows:

(i) the operating margin rate is replaced with an EBITDA level, which reflects the new criterion for the guidance published by the Group in February 2021; and

(ii) the rate of return on assets (ROA) is replaced with the rate of return on capital employed (ROCE) (a criterion previously used for the annual variable compensation of the Chairman and Chief Executive Officer but which was removed in the 2021 Compensation Policy for the Chairman and Chief Executive Officer), which is more relevant today, and on which all beneficiaries of performance shares concerned by this criterion have a more direct influence.

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4 It is noted that following the separation of the roles of Chairman and Chief Executive Officer planned for January 2022, Jacques Aschenbroich will remain Chairman of the Board of Directors until the end of his term of office as Director, i.e. until May 2023. For the purposes of the grant made in 2021, (i) it is expected that the right to performance shares will be maintained and that the performance criteria will apply and (ii) it has been agreed that the number of performance shares that would be definitively granted to him under the 2021 plan would be reduced on a pro rata basis according to the period during which he will have exercised the associated functions of Chairman and Chief Executive Officer.
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 add two CSR criteria to the long-term compensation of the Chairman and Chief Executive Officer, namely an environmental criterion and a gender diversity criterion, whose 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.

Thus, the allocation of performance shares would depend on performance measured against the following criteria:

(i) two internal performance criteria, namely the EBITDA level (which has replaced the operating margin rate) as well as the rate of return on capital employed (ROCE) (which has replaced the rate of return on assets (ROA)). 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 a European Automotive Panel5 (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 within 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 the criteria and methods used to assess the performance shares selected as part of the 2021 Compensation Policy for the Chairman and Chief Executive Officer:

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5 The Automotive European Panel was modified by the Board of Directors at its meeting of March 24, 2021 on the proposal of an external consultant, Willis Towers Watson. Fiat Chrysler Automobiles and PSA were replaced by Stellantis and Volkswagen was added. This panel is available on the Company's website (www.valeo.com) under the heading "Governance".
| Criterion                                                                 | Weight / Assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |   |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Internal performance criterion: ROCE rate\(^{(1)}\) (30%)                 | 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. - 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%. - 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%. - 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%. - If the target rate for the corresponding criterion is not satisfied for any of the financial years covered by the scheme: 0%. |
| Internal performance criterion: EBITDA level\(^{(2)}\) (30%)              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| External performance criterion: TSR (20%)                                | TSR recorded over a period of three years from January 1 of the allotment year to December 31 of the year prior to delivery. - 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). - 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).                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |   |
| Corporate social responsibility: CO\(_2\) emissions \(^{(2)}\) (10%)      | 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: - If the level of CO\(_2\) emissions recorded over the reference period is lower than or equal to the target rate established for the reference period: 100% (0% if greater); - 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).                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Corporate social responsibility: the number of women within the Group’s management committees (relating to the 300 most important Group management positions) \(^{(2)}\) (10%) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

(1) For 2021, the guidance is 11.10% for the ROCE rate (excluding the Top Column Module (TCM) business) and 12.80% for the EBITDA (including the Top Column Module (TCM) business). It should be noted that the impacts of the Covid-19 epidemic and its potential consequences on the Group for the financial year ending December 31, 2021 cannot be predicted on the date of this document (including the resulting components and raw materials crisis which massively impacts the whole automotive industry and will lead notably to a loss of production that cannot be assessed at the date of this document). Thus, when assessing the achievement of the internal performance criteria, the Board of Directors may take these potential impacts into account.

(2) For the 2021 plan, the achievement of this target will be assessed as at December 31, 2023, on the basis of the carbon neutrality objective by 2050 and, by December 31, 2030, a plan to reduce emissions related to its operating activities (Scopes 1 and 2) by 75% and emissions related to its supply chain and to the end use of its products (Scope 3) by 15% compared to January 1, 2020, as presented in Chapter 4, section 4.1.3 "Valeo's carbon neutrality Plan by 2050" of the 2020 Universal Registration Document. This 2030 objective implies an annual reduction of -0.75 Mt CO\(_2\) from 49.6 Mt CO\(_2\) at January 1, 2020 to 41.4 Mt CO\(_2\) at December 31, 2030. Accordingly, based on a linear annual progression until 2030, the rate of achievement of this target is set at a maximum of 46.6 Mt CO\(_2\) by December 31, 2023..

(3) For the 2021 plan, the achievement of this target will be assessed as at December 31, 2023 on the basis of the objective of doubling the number of women on the various Group’s management committees (relating to the 300 most important Group management positions) from 16% of women as at January 1, 2020 to 32% of women as at December 31, 2030. Accordingly, based on a linear annual progression, the rate of achievement of this target is set at a minimum of 22% of women in the Group's management committees (relating to the 300 most important Group management positions) by December 31, 2023, on a like for like basis, which constitutes an acceleration of the intermediate objective for 2024 set at 20% by Valeo’s Board of Directors in 2020 (as 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).

The other principles and criteria for this compensation component set out in the 2020 Compensation Policy for the Chairman and Chief Executive Officer remain unchanged in the 2021 Compensation
Policy for the Chairman and Chief Executive Officer.

4. Other compensation components

The principles and criteria relating to the other elements of compensation set out in the 2020 Compensation Policy for the Chairman and Chief Executive Officer remain unchanged in the 2021 Compensation Policy for the Chairman and Chief Executive Officer.