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MESSAGES FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

I

I am proud to present the 2021 Shareholders’ Guide. It is the 2021 guide in a series that began in 2020. The intention was to provide you with a comprehensive overview of our performance and growth for the year 2021.

I would like to thank all Valeo employees for their commitment in enabling the Group to achieve good results in 2021 in a difficult automotive industry environment. We are confident in the future of the automotive industry and in Valeo’s role as a major player in electrification by creating a more sustainable mobility.

In 2022, the world of Valeo has been through a tough year, and sales have been more than 10% lower than in 2020. However, the Group has remained strong and has continued to invest in innovation and research. We are confident that we will be able to achieve our strategic goals in the coming years.

CHRISTOPHE PERILLAT
Chairman and Chief Executive Officer

“Valeo, a Group ideally positioned to meet the future challenges of sustainable mobility.”

VALEO, A SUCCESSFUL TRANSFORMATION

Despite the severe global semiconductor shortage, we were able to meet the Group’s financial targets for 2021, with an increase in profitability and at the same time prepare for the future. The Group has maintained its strong resilience in a challenging market environment without the disruption of 2021 due to an environment that was not as severe.

I am confident in Valeo’s future as the automotive industry undergoes a major transformation in the coming two decades. We have identified four structural growth megatrends to support the transition to safer, cleaner, connected, electrified, and efficient vehicles - the interior experience and lighting everywhere.

The Board of Directors and Chief Executive Officer of Valeo.

Jacques Aschenbroich
In keeping with today's environmental and social issues, future mobility must be greener, safer and more diverse, and must 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.

**AS A TECH COMPANY, VALEO’S GOAL IS TO PLAY A MAJOR ROLE IN THE MOBILITY OF TOMORROW.**
A 2021 dividend of 0.35 euros will be proposed at the Shareholders’ Meeting. Products and technologies in series production for less than three years, including Valeo Siemens eAutomotive.

**2021 KEY FIGURES**

- **BASIC EARNINGS PER SHARE**
  - In billions of euros
  - €17.3bn

- **IN SALES**
  - +€1.1bn

- **AND DIVIDEND PER SHARE**
  - In billions of euros
  - €17.3bn

- **ORDER INTAKE**
  - In billions of euros
  - 2021: €41.5bn
  - 2020: €37.2bn

- **OPERATING MARGIN**
  - In billions of euros
  - 2021: 0.1%
  - 2020: 1.2%

- **EBITDA** BY BUSINESS GROUP
  - Excluding the Top Column Module business.

- **FREE CASH FLOW**
  - In billions of euros
  - 2021: €3.9bn
  - 2020: €6.9bn

- **SALES BY BUSINESS GROUP**
  - Excluding the Top Column Module business.

- **FINANCIAL PERFORMANCE**

- **SUSTAINABLE DEVELOPMENT PERFORMANCE**

- **VALEO AND ITS EMPLOYEES**

- **EQUALITY INDEX**
  - (1) The performance chart presented in section “Sustainable development goals in the Group’s business” on page 43 of the integrated report summarizes the main objectives and key performance indicators of the Group’s sustainable development policy.
  - (2) This index is based on the evaluation of five criteria, taking into account managers and professionals only:
    - criterion 1: difference in compensation between men and women;
    - criterion 2: difference in individual pay rises between men and women;
    - criterion 3: difference in the percentage of men and women promoted;
    - criterion 4: percentage of women employees receiving a pay rise after returning from maternity leave;
    - criterion 5: percentage of women among the top ten highest paid employees.

- **GOVERNANCE**

- **DEVELOPMENT PERFORMANCE**
  - (1) The performance chart presented in section “Sustainable development goals in the Group’s business” on page 43 of the integrated report summarizes the main objectives and key performance indicators of the Group’s sustainable development policy.
  - (2) This index is based on the evaluation of five criteria, taking into account managers and professionals only:
    - criterion 1: difference in compensation between men and women;
    - criterion 2: difference in individual pay rises between men and women;
    - criterion 3: difference in the percentage of men and women promoted;
    - criterion 4: percentage of women employees receiving a pay rise after returning from maternity leave;
    - criterion 5: percentage of women among the top ten highest paid employees.
THE GROUP’S GROWTH MODEL IS BASED ON A STRONG CORPORATE GOVERNANCE STRUCTURE, LED BY:

• THE BOARD OF DIRECTORS, whose members are all considered independent, with the exception of the Chairman and Chief Executive Officer(1), the Deputy Chief Executive Officer(2) and the two directors representing employees;

• THE LEAD DIRECTOR;

• THE BOARD’S COMMITTEES;

• THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER(1);

• THE DEPUTY CHIEF EXECUTIVE OFFICER(2); AND

• THE MANAGEMENT COMMITTEES working alongside the Chairman and Chief Executive Officer(1) and the Deputy Executive Officer(2), comprising the Executive Committee and theOperations Committee.

(1) Chairman of the Board of Directors since January 26, 2022.
(2) Chief Executive Officer since January 26, 2022.
**THE BOARD OF DIRECTORS**

**IN SUPPORT OF THE GROUP’S STRATEGY**

**COMPOSITION OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2021**

<table>
<thead>
<tr>
<th>NATIONALITY</th>
<th>GENDER</th>
<th>AGE</th>
<th>ANNUAL SALARY</th>
<th>DIRECTORSHIPS HELD IN LISTED COMPANIES</th>
<th>PERSONAL INFORMATION</th>
<th>EXPERIENCE</th>
<th>POSITION ON THE BOARD OF DIRECTORS</th>
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<tr>
<td>VÉRONIQUE WEILL</td>
<td>F</td>
<td>53</td>
<td>1,500</td>
<td>2</td>
<td>64 M FR 12,600,000</td>
<td>3</td>
<td>Deputy Chief Executive Officer</td>
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<tr>
<td>GRZEGORZ SZELAG</td>
<td>M</td>
<td>56</td>
<td>3,000</td>
<td>0</td>
<td>58 M FR 112,984</td>
<td>5</td>
<td>Chairman of the Board of Directors</td>
</tr>
<tr>
<td>PATRICK SAYER</td>
<td>M</td>
<td>70</td>
<td>1,500</td>
<td>2</td>
<td>70 F US 3,500</td>
<td>2</td>
<td>Independent director</td>
</tr>
<tr>
<td>ÉRIC POTON</td>
<td>M</td>
<td>56</td>
<td>3,000</td>
<td>0</td>
<td>44 F FR 12,600,000</td>
<td>6</td>
<td>Independent director</td>
</tr>
<tr>
<td>THIERRY MOULONGUET</td>
<td>M</td>
<td>56</td>
<td>11,700</td>
<td>2</td>
<td>55 M FR N/A</td>
<td>0</td>
<td>Independent director</td>
</tr>
<tr>
<td>JACQUES ASCHENBROICH</td>
<td>M</td>
<td>44</td>
<td>10,213,000</td>
<td>7</td>
<td>56 M FR 112,984</td>
<td>1- 0 5 / 2 6 / 2 0 2 1 2025 Shareholders'</td>
<td></td>
</tr>
<tr>
<td>C. MAURY DEVINE</td>
<td>M</td>
<td>50</td>
<td>3,000</td>
<td>0</td>
<td>50 F FR 10,213,000</td>
<td>7</td>
<td>Independent director</td>
</tr>
<tr>
<td>JEGO-LAVEISSIÈRE MARI-NOËLLE</td>
<td>F</td>
<td>55</td>
<td>1,500</td>
<td>3</td>
<td>70 F FR 12,600,000</td>
<td>2</td>
<td>Independent director</td>
</tr>
</tbody>
</table>

**OPERATION OF THE BOARD OF DIRECTORS**

The principal role of the Board of Directors is to promote Valeo’s business strategies and ensure that they are implemented effectively. The Board of Directors, chaired by Jacques Aschenbroich, has set up four committees - the Audit & Risks Committee, the Compensation Committee, the Governance, Appointments & Corporate Social Responsibility Committee, and the Strategy Committee - to issue recommendations on key matters, improve its operating procedures and, ultimately, guarantee the Group’s sustainable growth.

At December 31, 2021, the Board of Directors’ 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. 50% of the Board’s members are women and 79% are under 70 and, except for the two directors representing employees, who are not included in the calculation, all of them except the Chairman and Chief Executive Officer (Chancellor of the Board of Directors from January 26, 2022) and the Deputy Chief Executive Officer (Chief Executive Officer from January 24, 2022) are considered independent(2) according to the AFEP-MEDEF Code to which Valeo refers. Valéa (Valeo), an independent director, is Lead Director (until January 26, 2022) and Chairman of the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee. In accordance with the recommendations of the AFEP-MEDEF Code, the operating procedures of the Board of Directors and its committees are assessed each year. As the assessment of the Board of Directors was conducted by an internal consulting firm in 2021, the Board decided to carry it out internally in 2022. The assessment was cast off between late 2021 and early 2022 by the Chairman of the Board of Directors using a questionnaire given to each director. To obtain their insights into the Board of Directors’ operation and their suggestions for improvement through individual interviews, the topics covered in the assessment included the Board of Directors’ operating procedures, structures, governance, composition, duties, proceedings of meetings, directors’ access to information, the choice of issues discussed, the quality of debate and directors’ participation, and the general operation of the Board committees. The outcome of the assessment was reviewed by the Governance, Appointments & Corporate Social Responsibility Committee at its meeting on March 24, 2022, and was presented and discussed at the Board of Directors’ meeting held on the same date.
ROLES OF THE BOARD OF DIRECTORS’ FOUR COMMITTEES

AT DECEMBER 31, 2021

The Board of Directors has set up committees to enhance its operating procedures and provide assistance with preparing its decisions by issuing recommendations and opinions.

COMPENSATION COMMITTEE

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

AUDIT & RISKS COMMITTEE

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

GOVERNANCE, APPOINTMENTS & CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

• Draw up a succession plan for executive corporate officers and directors
• Analyze how the Board of Directors and its Committees operate
• Assess and update corporate governance rules
• Prepare the composition of the governing bodies, by making reasoned recommendations regarding the appointment of executive corporate officers, directors and committee members
• Review the independence of each director
• Select candidates for the position of director
• Review CSR and safety policy, identify CSR objectives and challenges, assess the gradual and increasing implementation of CSR policy, and assess the Group’s contribution to sustainable development
• In cooperation with the Audit & Risks Committee, gather an understanding of the risks and issues involved in corporate social responsibility, and obtain information about the resources the Group can call on to pursue its strategy in this area
• As required, issue opinions and recommendations to help the Board make informed decisions

5 MEMBERS, ALL INDEPENDENT
5 meetings
100% ATTENDANCE RATE

6 MEMBERS, 100% ATTENDANCE RATE

7 MEMBERS, 100% ATTENDANCE RATE

5 MEMBERS, ALL INDEPENDENT
3 meetings
100% ATTENDANCE RATE

5 MEMBERS, ALL INDEPENDENT
6 meetings
100% ATTENDANCE RATE

3 MEMBERS, ALL INDEPENDENT
6 meetings
100% ATTENDANCE RATE

PART 1: OUR GOVERNANCE
Two Management Committees to Implement the Group’s Strategy

Composition of the Executive Committee and Operations Committee at December 31, 2021

Executive Committee

The Executive Committee coordinates and provides guidance on the various functions of the Group’s General Management.

The Executive Committee meets once a month and comprises 12 members.

Its role is to review, guide and coordinate the various functions of the Group’s General Management through multi-functional discussions.

The Operations Committee coordinates the Group’s management and operations.

Under the authority of the Chairman and Chief Executive Officer, Valeo’s Operations Committee meets once a month and comprises 14 members.

Its role is to review operational management, coordinate projects and implement the Group’s strategy.

The Committee is responsible for ensuring that the Group meets its objectives and adheres to the continuous improvement process through the 5 Axes methodology.

The Group Operations Committee reflects the Group’s organization into functional networks, and four operational Business Groups and Valeo Service.

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The Group Operations Committee reflects the Group’s organization into functional networks, and four operational Business Groups and Valeo Service.

January 26, 2022

The Board of Directors of Valeo decided to appoint Christophe Périllat as Valeo Chief Executive Officer, in accordance with the succession plan announced on October 27, 2020. Jacques Aschenbroich will continue to act as Chairman of the Board of Directors and the end of his current term of office as a director.
RISK MANAGEMENT, A KEY PRIORITY FOR VALEO

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

### Operational and Strategic Risks
- Risks related to changes in the technological environment
- Risks related to the development and launch of new products
- Risks related to attracting and retaining talent
- Risks related to the quality and safety of products and services sold
- Cybersecurity and IT systems failure risk
- Risks related to the loss of operational control of a site
- Risks related to the automation equipment industry
- Risks related to supply chain failure risk

### Legal Risks
- Intellectual property risk (patents and trademarks)

### Financial Risks
- Commodity risk
- Foreign currency risk

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### ORGANIZATIONAL STRUCTURE GEARED TOWARDS EFFECTIVE RISK MANAGEMENT

The Group’s risk control system can be illustrated with the Three Lines model.

**First Line**
- Operations:
  - Projects
  - Industrial
  - Quality
  - Logistics
  - Purchasing
  - …

### BOARD OF DIRECTORS

**Second Line**
- Risk Management
- Internal Control
- Ethics and Compliance
- Risk and Insurance
- Cybersecurity
- Sustainable Development
- Health, Safety and Environment

**Third Line**
- Audit & Risks Committee

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### STRICT ADHERENCE TO ETHICS AND COMPLIANCE PRINCIPLES

Fair trade practices, mutual respect and integrity among partners, customers, suppliers and other stakeholders are the foundation of Valeo’s current and future success. The Group’s commitments in this area are formalized in its Code of Ethics and extended to third parties through the Valeo Business Partner Code of Conduct.

Due to the Group’s global footprint and its growing number of employees, the Ethics and Compliance Office continued in 2020 to work to extend and strengthen its various programs to fight corruption and anti-competitive practices, and to promote efficiency and economic sanctions and export controls, and the protection of personal data (the Compliance Programs). Built to the highest international standards, these programs break down into different principles, policies, instructions, recommendations, tools and training modules, run by General Management and the Ethics and Compliance Office, endorsed by all management teams and relayed worldwide by Compliance Champions, Data Protection Champions and Data Protection Officers.

The Group’s Compliance Programs are designed to prevent a number of risks associated with inappropriate behavior.
The Ethics and Compliance Office is tasked with proposing, managing, and coordinating the global and local implementation of the Compliance Programs, as validated by the Operations Committee.

Testimony to a strong commitment from the Chairman and Chief Executive Officer, the pursuit and deepening of compliance initiatives, especially with regard to the risk map, is a criterion used to evaluate the allocation of his variable compensation.

The Audit & Risks Committee ensures, on behalf of the Board of Directors, that Valeo follows a full program that enables it to comply with the legislation and regulations applicable to the Group’s activities. The Executive Committee and Operations Committee are responsible for determining the focus and priorities of the Compliance Programs, allocating the funds and resources necessary and ensuring that their implementation is supervised and verified.

The Compliance Champions, Data Protection Champions, and Data Protection Officers, ambassadors of the Ethics and Compliance Office and Business Group management in the country or function to which they belong, promote the Group’s ethics and compliance policies, mechanisms, and priorities.

The Ethics and Compliance Office is an integral part of Valeo’s culture. It is an intrinsic everyday feature running through all of the Group’s operations, reflected in the adherence to Compliance Programs, in workforce-wide commitment, vigilance and mobilization, and in an efficient risk management and prevention approach.

Compliance is one of the core values of the Group.

“Compliance is an integral part of Valeo’s culture. It is an intrinsic everyday feature running through all of the Group’s operations, reflected in the adherence to Compliance Programs, in workforce-wide commitment, vigilance and mobilization, and in an efficient risk management and prevention approach.”

96% of employees that joined the Group in 2021 received a copy of the Code of Ethics

75 live training sessions organized and delivered by the Ethics and Compliance Office.

A Preventive Approach

- Continuous program of in-depth, targeted, mandatory training
- Regular internal audit and internal control operations
- A multilingual, secure and confidential whistleblowing mechanism accessible to employees and third parties
- A free training program available to Valeo business partners

95% of new employees took and validated the Anti Bribery Compliance Induction Program module.

A Whistleblowing and Reporting System

In 2020, the whistleblowing line set up in 2013 was replaced by a more user-friendly system, from an established European service provider. This is accessible via a secure dedicated platform, available 24/7 from any internet or external whistleblower. Users can launch a detailed, confidential and documented alert in the language of their choice.

The new system is accessible on PC, smartphone or tablet, via a link or a QR code. It has been rolled out at all Group sites.

“Compliance is an integral part of Valeo’s culture. It is an intrinsic everyday feature running through all of the Group’s operations, reflected in the adherence to Compliance Programs, in workforce-wide commitment, vigilance and mobilization, and in an efficient risk management and prevention approach.”
2021 was marked by an unprecedented electronic component shortage. But this environment did not impact the growth megatrends of accelerating electrification and ADAS.
At December 30, 2020.

From 2040, the sale of vehicles with internal combustion engines will be banned in several countries. In the United Kingdom (2030), India (2030), Sweden (2040) and France (2040), to achieve their national objectives, more than half the passenger cars produced between now and 2040 will have to be all-electric.

Technology to meet the challenges of mobility

Innovative electric vehicles, such as the Mercedes EQS and Volkswagen’s ID models, are already fitted with Valeo’s electric powertrains. Committed to always offering its customers the best possible technologies, Valeo innovates by developing, for example, 800 volt silicon carbide (SiC) inverters and electrically excited motors that are rare-earth free. Valeo has the product portfolio, and hardware and software expertise needed to be a fully fledged participant in the electric revolution.

Regulation as a vector for accelerating electric mobility in all its forms

Many countries have already announced plans to ban the sale of passenger vehicles powered by internal combustion engines, including the United Kingdom (2030), India (2030), Sweden (2040), Japan (2035), France (2040), Germany (2040) and China (2048). To achieve these national objectives, more than half the passenger cars produced between now and 2040 will have to be all-electric.

Electric engines are already being banned in cities today, and the same fate awaits all internal combustion engines in the not-so-distant future. There are currently 1,350 regulations linking access to cities across the European Union. Cities such as Auckland (New Zealand), Barquisimeto (Venezuela), Cape Town (South Africa), Copenhagen (Denmark), London (England), Los Angeles (United States), Mexico City (Mexico), Milan (Italy), Quito (Ecuador), Seattle (United States), Toronto (Canada) and Paris (France) have all pledged to phase out sales of internal combustion engines by 2030.

Market adoption of electric vehicles and need for more charging infrastructure

Regulatory requirements provide automakers with a strong incentive to expand their electric vehicle lineup. In 2021, automakers brought 182 new electric vehicles to market, and are expected to release 220 more models by 2025 (including 450 battery electric vehicles). Consumer opinion about electric vehicles has also evolved in recent years. According to a study published in July 2021, 47% of consumers in 10 Latin American countries are thinking of purchasing an electric vehicle or plug-in hybrid, up from 30% in September 2020. An environment impacted by soaring fossil fuel prices, electric vehicles seem to have found their place and offer numerous benefits.

Electric vehicles offer consumers a brand new experience, with strong pressure influenced by better acceleration and reduced noise and vibrations.

Electric vehicles are environmentally responsible, existing on a particular model, they emit no pollutants downstream and especially no greenhouse gas emissions (GHG). Improvements in battery range and the efficiency of fast charging systems also make electric vehicles a viable option for longer trips.

However, charging infrastructure remains a key concern for consumers. In 2021, global sales of electric vehicles were up by 106% versus 2020, with 6.8 million units sold. The share of electric vehicles in global light vehicle sales was 3.5% in 2021 versus 4.2% in 2022, with battery electric vehicles accounting for 7% of total EV sales and plug-in hybrid electric vehicles for 2%. Industry estimates that plug-in hybrids and battery-electric vehicles will represent around 23% of the market by 2025 and 35% by 2030.

COUNTRIES THAT HAVE PLEDGED TO BAN THE SALE OF INTERNAL COMBUSTION ENGINE VEHICLES

<table>
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<th>Year</th>
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<td>Copenhagen, Denmark</td>
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<tr>
<td>Beijing, China</td>
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</tr>
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ON THE ROAD TO SAFER MOBILITY

Regulatory and other initiatives that promote the development of driving assistance systems

According to the United Nations (UN), more than 1.3 million people die in road accidents every year. According to forecasts, this number will increase to 4 million fatalities per year by 2050, making road safety a major concern worldwide.

Improving road safety is not just a job for governments. Automotive industry players, including automakers and their suppliers, can also make a difference by developing driving assistance systems and continuously enhancing vehicle safety.

Regulations on vehicle safety are strict, and only models that meet all the requirements are approved for manufacture. The European Union has the strictest regulations in the area of active safety. The safety measures soon to be made mandatory by the EU’s General Safety Regulation (GSR) cover complex driving assistance functions such as driver drowsiness detection, intelligent speed assistance, advanced emergency braking, and lane centering. Applicable to all new vehicle models from July 2022, the GSR will result in higher installation rates for certain safety components, including front cameras and driver monitoring cameras.

In addition to regulations, the automotive industry is also subject to independent safety standards such as the New Car Assessment Program (NCAP), which rates vehicles’ safety performance from zero to five stars. Valeo estimates that more than 50% of new vehicles will have a five-star rating by 2026.

Automakers are getting ready for higher levels of automation, by introducing models that offer level 3 functions, notably thanks to LiDAR sensors, which Valeo and many other automotive industry players believe are essential for level 3 and higher automation systems, such as on-road conditional automation and traffic jam assist. In fact, to ensure comprehensive environment perception and 100% reliability of the information processed, a significant increase in the number of detection and measurement technologies is necessary. This concept is known as redundancy. Valeo also develops hardware and software components with the intelligence necessary to help vehicles sense what their sensors are measuring, make the right decisions in all circumstances.

Automakers are getting ready for higher levels of automation, by introducing models that offer level 5 functions, notably thanks to LiDAR sensors, which Valeo and many other automotive industry players believe are essential for level 3 and higher automation systems, such as on-road conditional automation and traffic jam assist. In fact, to ensure comprehensive environment perception and 100% reliability of the information processed, a significant increase in the number of detection and measurement technologies is necessary. This concept is known as redundancy. Valeo also develops hardware and software components with the intelligence necessary to help vehicles sense what their sensors are measuring, make the right decisions in all circumstances.

Automakers are getting ready for higher levels of automation, by introducing models that offer level 3 functions, notably thanks to LiDAR sensors, which Valeo and many other automotive industry players believe are essential for level 3 and higher automation systems, such as on-road conditional automation and traffic jam assist. In fact, to ensure comprehensive environment perception and 100% reliability of the information processed, a significant increase in the number of detection and measurement technologies is necessary. This concept is known as redundancy. Valeo also develops hardware and software components with the intelligence necessary to help vehicles sense what their sensors are measuring, make the right decisions in all circumstances.

In addition to regulations, the automotive industry is also subject to independent safety standards such as the New Car Assessment Program (NCAP), which rates vehicles’ safety performance from zero to five stars. Valeo estimates that more than 50% of new vehicles will have a five-star rating by 2026.

Automated driving functions are part of automakers’ innovation strategy but they are also subject to regulations. The regulator’s role is to ensure the introduction of driving assistance systems in order to ensure that all vehicles on the road comply with safety standards. To date, the highest level of automation that has been approved is level 2. With this level of automation, drivers can delegate driving temporarily to the vehicle, but must be ready to resume control of the vehicle at a moment’s notice. The reason vehicles with higher levels of automation are not yet on the road is the absence of a legal framework.

Driving assistance systems (ADAS) use advanced technologies such as cameras and LiDAR sensors, which Valeo and many other automotive industry players believe are essential for level 3 and higher automation systems, such as on-road conditional automation and traffic jam assist. In fact, to ensure comprehensive environment perception and 100% reliability of the information processed, a significant increase in the number of detection and measurement technologies is necessary. This concept is known as redundancy. Valeo also develops hardware and software components with the intelligence necessary to help vehicles sense what their sensors are measuring, make the right decisions in all circumstances.

In addition to regulations, the automotive industry is also subject to independent safety standards such as the New Car Assessment Program (NCAP), which rates vehicles’ safety performance from zero to five stars. Valeo estimates that more than 50% of new vehicles will have a five-star rating by 2026.

On the road to safer, more autonomous and more technology-focused mobility solutions

ADAS, an important feature for customers

Customers are concerned about their safety: more than 50% of consumers in Europe and the United States say that safety is the key criterion in their decision to buy a new vehicle. Another factor to consider is that time spent at the wheel could be freed for other tasks. ADAS for level 3 and above will enable drivers to use this time for leisure, thanks to entertainment systems, or for work, thanks to advanced connectivity. ADAS for low-speed maneuvers, such as parking, have been widely adopted by consumers, as have high-speed assistance systems such as cruise control and lane-keeping. Automated driving systems such as autopilot and traffic jam assist should also be readily adopted by consumers, thanks to the expected safety and time-related benefits.
Strategy
A growth model built on the four sustainable mobility megatrends

MOVE UP PLAN, READY FOR THE FUTURE OF MOBILITY
FEBRUARY 25, 2022

In 2035, the world will be electric and connected. Valeo’s Move Up plan is part of this long-term vision for cleaner and safer mobility. Post-2025, the electrification and ADAS markets will experience hyper-growth to reach 200 billion euros and 120 billion euros, respectively, in 2035. Thanks to Move Up, Valeo will be ideally positioned to leverage this growth with leading-edge technologies, a robust financial performance and cash generation that will guarantee strong value creation for all the Group’s stakeholders, including its shareholders.
Valeo’s solid foundations form the backbone of the Group and will enable it to capitalize on the extraordinary acceleration to come in the markets where it is ideally positioned:• a diversified customer portfolio;• recognized operational excellence;• decrease in exposure to internal combustion engines to 4% of sales in 2030;• extensive system and software expertise involving nearly 40% of the Group’s engineers;• a foothold in the highly resilient and profitable aftermarket;• best governance practices;• recognized ESG performance.

Thanks to their critical mass and standardized technological and industrial platforms in their respective markets, the Business Groups will deliver the best levels of competitiveness and returns.

Valeo’s four Business Groups are leaders in their respective businesses with a global manufacturing footprint underpinned by an international R&D network and proven operational efficiencies.

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The acceleration of electrification will drive the growth of the Powertrain and Thermal Systems Business Groups over the coming years.

**POWERTRAIN SYSTEMS**

Thanks to the integration of Valeo Siemens eAutomotive into its Powertrain Systems business, Valeo will be able to leverage a wide range of skills and resources to develop a comprehensive offering of low- and high-voltage electric powertrain solutions.

- **ORIGINAL EQUIPMENT SALES IN 2025** ~€7.5bn
- **OUTPERFORMANCE IN 2021-2025** >8 points
- **EBITDA MARGIN** IN 2025 >11%

**HIGH VOLTAGE – ADDRESSABLE MARKET**

- 40% of the high-voltage market outsourced
- OBC
  - DCDC
  - Reducer
  - Inverter
  - Oilfilter
  - Oiltank

**48V AUTOMOTIVE MARKET IN 2025**

~€4bn

- Valeo’s target market share in 2025
- ~45% FOR 48V
- ~15% FOR 12V

**MEGATRENDS**

**ACCELERATION OF ELECTRIFICATION**

(POWERTRAIN SYSTEMS AND THERMAL SYSTEMS BUSINESS GROUPS)

The acceleration of electrification will drive the growth of the Powertrain and Thermal Systems Business Groups over the coming years.

**THERMAL SYSTEMS**

Thermal management is essential for ensuring that electric vehicles perform effectively, and in particular for providing end consumers with excellent battery charging in all weather conditions.

The Thermal Systems Business Group, which develops thermal interior and battery management solutions, plans to use the acceleration in electrification to increase its content per vehicle.

- **ORIGINAL EQUIPMENT SALES IN 2025** ~€5bn
- **OUTPERFORMANCE IN 2021-2025** >4 points
- **2025 EBITDA MARGIN** >11%

**A CONCENTRATED MARKET**

50% OF THE MARKET HELD BY THE TOP 4
No. 2 IN TERMS OF MARKET SHARE
Valéo has a comprehensive range of advanced driving assistance systems (ADAS) including components, instrumentation (sensors) and control units (domain and zone controllers), as well as functional software that provides all active safety features and enables automation at level 2+ and above.

**ADAS ACCELERATION**

*COMFORT & DRIVING ASSISTANCE SYSTEMS BUSINESS GROUP*

- **Original equipment sales in 2025**: €6bn
- **Outperformance in 2021-2025**: >12 points
- **2025 EBITDA margin**: ~15%

The phasing out of radiator grilles has given designers the freedom to completely rethink the front end of the electric vehicle, enabling brands to assert their identity with more lighting.

**INTERIOR EXPERIENCE REINVENTION**

*COMFORT & DRIVING ASSISTANCE SYSTEMS BUSINESS GROUP*

- **Original equipment sales in 2025**: €4bn
- **Outperformance in 2021-2025**: >12 points
- **2025 EBITDA margin**: ~21%

The Group has the hardware and software needed to meet passenger demands for a safer, more immersive and more connected driving experience.

**MEGATRENDS**

- **Lighting everywhere**
- **ADAS acceleration**
- **Interior experience reinvention**

**MEGATRENDS**

- **A concentrated market**
- **A high-growth market**

---

*1) Based on IHS estimates (February 2022).
2) See financial glossary, page 36.*
GROUP OUTLOOK FOR 2022 AND TARGETS FOR 2025

After two years impacted by the COVID-19 crisis and the electronic component shortage, Valeo intends to take full advantage of the recovery in volumes forecast for the 2022-2025 period. Assuming global automotive production of around 19.5 million vehicles* in 2025, corresponding to annual growth of 6.3% over the 2021-2025 period, Valeo is aiming to grow its original equipment sales by around 13% and to outperform the market by more than 5 percentage points**. Valeo’s sales should therefore total around 27.5 billion euros in 2025, including around 24 billion euros in original equipment sales.

The Group aims to divest from around 500 million euros’ worth of non-strategic assets over the term of the plan. These divestitures, combined with accelerated cash generation, will allow us to deleverage, with the aim of bringing the leverage ratio (i.e., net debt/EBITDA) below 0.7x in 2025.

These objectives do not take into account the potentially unfavorable impacts of recent developments in the Russian-Ukraine crisis on the economic and financial environment such as a decline in production volumes or an increase in energy and raw material prices to above those seen in early 2022.

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### 2022** | 2025 TARGETS**

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALES</strong> (€bn)</td>
<td>19.2</td>
<td>~27.5</td>
</tr>
<tr>
<td><strong>EBITDA</strong> (as a % of sales)</td>
<td>11.8/12.3</td>
<td>~14.5</td>
</tr>
<tr>
<td><strong>OPERATING MARGINS</strong> (as a % of sales)</td>
<td>3.2%/3.7</td>
<td>~6.5</td>
</tr>
<tr>
<td><strong>FREE CASH FLOW</strong> (€bn)</td>
<td>~320</td>
<td>€0.8bn-€1.0bn</td>
</tr>
<tr>
<td><strong>LEVERAGE RATIO</strong> (net debt/EBITDA)</td>
<td>~1.7x</td>
<td>&lt;0.7x</td>
</tr>
</tbody>
</table>

---

* Based on: - the integration of Valeo Siemens eAutomotive after July 2022.
  - S&P Global Mobility (formerly IHS Markit) annual automotive production estimates released in February 2022, reduced by 1.5%, corresponding to 82.9 million vehicles, falling within the range of 79.9 million to 84.1 million vehicles.

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

MARKET-LEADING, HIGH-GROWTH POTENTIAL BUSINESS GROUPS
4 BUSINESS GROUPS
POSITIONED ON THE MEGATRENDS SHAPING TOMORROW’S MOBILITY

DEVELOPING A SAFER AND MORE IMMERSIVE DRIVING EXPERIENCE
The Comfort & Driving Assistance Systems Business Group is exposed to two of the mobility megatrends: acceleration in ADAS and reinvention of the interior experience. The Business Group develops ADAS including sensors (cameras, LiDAR, etc.) and software and hardware to make driving safer and more autonomous. The Comfort & Driving Assistance Systems Business Group also develops interior systems for driver monitoring (interior cameras) and improving the overall driving experience and comfort.

TARGETING LOW-CARBON MOBILITY
The Powertrain Systems Business Group is benefiting from the acceleration of electrification. Following the integration of Valeo Siemens eAutomotive(2), the Powertrain Systems Business Group develops a comprehensive range of electrification solutions for hybrid and electric vehicles, from mild-hybrid 48V systems to high-voltage electrification systems (electric motors, inverters, onboard chargers, etc.). The Group’s innovations, such as the Air Pumper, are helping to shape the transportation of the future by reducing pollutant emissions, purifying the air in the cabin, improving the efficiency of thermal systems and enhancing comfort.

DECARBONIZING MOBILITY AND OPTIMIZING ENERGY MANAGEMENT
The Thermal Systems Business Group is also benefiting from the acceleration of electrification. It develops solutions for electric vehicles, ranging from thermal battery management (designed to preserve battery range and longevity and enable fast charging to thermal cabin management (including high-value-added equipment such as heat pumps). The Group’s innovations, such as the Flex Heater, are helping to reduce pollutant emissions, purifying the air in the cabin, improving the efficiency of thermal systems and enhancing comfort.

OPTIMIZING VISIBILITY FOR IMPROVED SAFETY AND DESIGN FREEDOM
Lighting everywhere is becoming a differentiating factor for automakers, offering them a means to better showcase their brand identity and their signature. Smart signaling and lighting systems also help prevent accidents and improve road safety. The Visibility Systems Business Group develops smart and innovative exterior and interior lighting, as well as cleaning systems for the windows and mirrors that assist the driver in all driving situations, thereby enhancing safety.
OUR GLOBAL FOOTPRINT
A GLOBAL FOOTPRINT CLOSE TO ITS CUSTOMERS

103,300 employees in 31 countries
184 plants
43 development centers
16 distribution platforms

103,300 employees in 31 countries

VALEO ACROSS THE GLOBE

NORTH AMERICA
South America
Africa
Europe
Asia

103,300 employees in 31 countries

2022 Shareholders’ Guide — Valeo

Part 3: Strategy
**VALEO’S VALUE CREATION MODEL**

**SALES**

- Automotive production
- Original equipment sales
- Aftermarket business

**PURCHASING AND OTHER COSTS**

- Raw materials
- Electronic components
- Energy and logistics costs
- Exchange rate

**VALUE CREATION SHARED**

- Employee(2)
- Customers(4)
- Creditors(5)
- Shareholders(5)

**BY ALL STAKEHOLDERS**

- €23m in environmental investments
- 72% of sites owned by employee-representation bodies
- Diversity: 22% women, 96.2% gender equality index, 83% of sites led by local directors
- Safety: accident frequency rate (FR1(8)) of 1.2 (vs 1.9 in 2020)
- Training: 21.3 hours per employee, 90% of employees trained

**INNOVATION**

- 35,400 patents, of which 1,448 filed in 2021
- 45% of order intake for innovative products
- 14,730 R&D employees working worldwide

**HIGH-PERFORMANCE PLANTS**

- 184 plants in 31 countries
- Customer return rate of 3.7 parts per million products delivered

**ENVIRONMENT**

- €23m in environmental investments
- 72% of sites owned by employee-representation bodies
- Diversity: 22% women, 96.2% gender equality index, 83% of sites led by local directors
- Safety: accident frequency rate (FR1(8)) of 1.2 (vs 1.9 in 2020)
- Training: 21.3 hours per employee, 90% of employees trained

**GOVERNANCE**

- Separation of the roles of Chairman of the Board of Directors and Chief Executive Officer since January 2022
- 50% of the Board’s members are women(6)
- 83% of directors are independent(7)
- ESG criteria included in calculation of variable compensation and performance shares

**HUMAN RESOURCES**

- Employee(2)
- Customers(4)
- Creditors(5)
- Shareholders(5)

**SALES PURCHASING AND OTHER COSTS(1)**

**VALUE GENERATED BY VALEO IN 2021**

- Employee(2)
- Customers(4)
- Creditors(5)
- Shareholders(5)

**RATIONALE**

- Cleaner
- Safer
- Cleaner and safer
- Other

**PRODUCT PORTFOLIO**

- Electrification acceleration
- ADAS acceleration
- Interior experience
- Lighting systems

**EXPOSURE OF VALEO’S SALES TO CLEANER AND SAFER MOBILITY**

- 15% reduction in CO2 emissions by 2030 (vs 2019)
- 45% reduction in CO2 emissions by 2030 (vs 2019) thanks to the electrification of our portfolio

---

(1) Figures relate to the year ended December 31, 2021.
(2) Net income for the year excluding share in net earnings of equity-accounted companies, personnel expenses and employee benefits, depreciation of property, plant and equipment and amortization of intangible assets, income taxes and levies included in operating items, and cost of net debt.
(3) Personnel expenses and benefits (of which pension costs and restructuring costs).
(4) 2021 retained earnings plus depreciation of property, plant and equipment and amortization of intangible assets.
(5) Income taxes and levies included in operating items.
(7) Excluding directors representing employees, in accordance with the recommendation in Article 9.3 of the AFEP-MEDEF Code.
(8) Number of lost-time accidents x 1,000,000/number of hours worked during the year. This indicator takes into account category 1 and 3 accidents.
(9) NET 2030 objective = SBTi absolute value + additional reduction in CO2 emissions in the year compared to the 2019 reference year taking into account the emissions avoided thanks to Valeo’s electrification technologies.
VALEO, A SIGNATORY OF THE “Business Ambition for 1.5°C” campaign, has committed to achieving carbon neutrality by 2050. On February 4, 2021, Valeo announced its Carbon Neutrality Plan for 2050, covering its entire value chain, including emissions from its suppliers, its own operating activities and the end use of its products (Scope 1, 2 and 3 emissions). The aim is to reduce the Group’s carbon footprint across its entire value chain from 46.6 million metric tons of CO2 emissions in 2019 to 27.9 million metric tons in 2030, representing a reduction of close to 45% in greenhouse gas emissions by 2030 compared with 2019.

Progress on this plan will be tracked based on annualized CO2 emissions reduction objectives: achievement of these objectives will be reviewed by General Management on a quarterly basis. From 2021, these objectives will be used as a criterion for determining the variable compensation of more than 1,500 senior executives.

In 2021, the carbon footprint of 46 MTCO2 is 7% compared to 2019.

By 2030, the reduction of carbon footprint is 45% compared to 2019.

By 2050, Valeo commits to achieving:
- Carbon neutrality across all of its operating activities and its supply chain worldwide (Scopes 1 & 2 and upstream Scope 3);
- 100% carbon neutrality in Europe (Scopes 1, 2 and 3, including the end use of its products).

By 2050, Valeo’s carbon neutrality plan will include:
- A 45% reduction compared to 2019 in the Group’s greenhouse gas emissions.
- A 100% carbon footprint reduction in Europe.
- A 20% increase in the use of renewable energy.

The 2030 and 2050 targets have been validated by Sustainalytics, ensuring a high level of credibility and transparency.
Valeo and our shareholders
### Ownership structure

**2020**  
Basic earnings per share: (4.55)  
Dividends (1): 0.30

**2021**  
Basic earnings per share: 0.75  
Dividends (1): 0.35

**TWO-YEAR PER SHARE DATA**

<table>
<thead>
<tr>
<th>Year</th>
<th>Basic earnings per share</th>
<th>Dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>(4.55)</td>
<td>0.30</td>
</tr>
<tr>
<td>2021</td>
<td>0.75</td>
<td>0.35</td>
</tr>
</tbody>
</table>

(1) Eligible for the 40% tax allowance provided for in Article 158-3-2° of the French Tax Code (Code général des impôts) and subject to a 21% flat-rate tax prepayment on distributed revenues, deducted at source by the paying agent (Article 117quater.i.1 of said code and Article 9 of the French Finance Law for 2013). These figures are provided for information purposes only. Please contact your financial advisor to discuss the specific tax and social security treatment of your shares.

### STOCK MARKET DATA

<table>
<thead>
<tr>
<th>Year</th>
<th>Market capitalization (in billions of euros)</th>
<th>Number of shares</th>
<th>Highest share price (in euros)</th>
<th>Lowest share price (in euros)</th>
<th>Average share price (in euros)</th>
<th>Share price at period-end (in euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>7.57</td>
<td>241,036,743</td>
<td>37.02</td>
<td>23.06</td>
<td>28.73</td>
<td>31.41</td>
</tr>
<tr>
<td>2020</td>
<td>7.80</td>
<td>241,717,403</td>
<td>34.05</td>
<td>10.51</td>
<td>24.86</td>
<td>32.28</td>
</tr>
<tr>
<td>2021</td>
<td>6.45</td>
<td>242,574,781</td>
<td>33.66</td>
<td>20.47</td>
<td>27.01</td>
<td>26.58</td>
</tr>
</tbody>
</table>

### BY GEOGRAPHIC AREA AT APRIL 30, 2022

<table>
<thead>
<tr>
<th>Region</th>
<th>% of share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>29%</td>
</tr>
<tr>
<td>France</td>
<td>21%</td>
</tr>
<tr>
<td>Europe (excluding France and United Kingdom)</td>
<td>6%</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>36%</td>
</tr>
</tbody>
</table>

### BY TYPE OF SHAREHOLDER AT APRIL 30, 2022

<table>
<thead>
<tr>
<th>Type of Shareholder</th>
<th>% of share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional investors</td>
<td>89.8%</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>3%</td>
</tr>
<tr>
<td>Employee share ownership</td>
<td>7%</td>
</tr>
<tr>
<td>Individual shareholders and private managed companies</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

* Including 425,906 treasury shares (0.18% of the share capital)

### VALEO IS LISTED ON THE PARIS STOCK EXCHANGE

- **ISIN code**: FR0013176526
- **Country code**: FR
- **Euronext Sector**: SBF120, CAC40, ESG, MSCI Global Standard Indices, STOXX Europe 600, FTSE Global Equity Index Sectors
- Eligible for deferred settlement and French stock savings plans (PSE)
- **ADR program**: Since 1999, Valeo has also had an American Depositary Receipts (ADR) program through its custodian bank, JP Morgan, listed on the over-the-counter market. Each ADR equals half of one share.
- **Ticker/Trading symbol**: VLEEY
- **CUSIP**: 919134304

### SHARE PERFORMANCE

- **Euros Trading volume (no. of shares)**
  - 2019: 20,000,000
  - 2020: 40,000,000
  - 2021: 60,000,000

**Graphs**

- **Euros Trading volume (no. of shares)**
  - 2019: 20,000,000
  - 2020: 40,000,000
  - 2021: 60,000,000
eCLUB for individual shareholders

Since 2017, the eClub for individual Valeo shareholders has offered its members front-row seats to the Group’s performance with access to exclusive webinars with Group movers and shakers. Members of the eClub for individual shareholders will be invited to online and in-person site visits as well as presentations on certain subjects.

Members of the eClub for individual Valeo shareholders have access to their own secure online area at www.valeo.com.

To become a member, the only requirement is to hold at least one Valeo registered share or 50 Valeo bearer shares.

Once signed up, members can register for eClub events held throughout the year, including:

- webcasts with key Group players;
- virtual and in-person tours of emblematic sites;
- online visits of booths at international trade shows;
- and many more exciting events.
Shareholders’ Meetings

Companies with more than one shareholder are required to organize Shareholders’ Meetings on an annual basis.

All shareholders are entitled to participate in Shareholders’ Meetings provided that the shares are registered in their name or that of their financial intermediary, regardless of the number of shares they own.

IF YOU HOLD REGISTERED SHARES,
• You will receive the notice of meeting at least two weeks before the date of the Shareholders’ Meeting.

IF YOU HOLD BEARER SHARES,
• Your financial intermediary must make the notice of meeting available to you within three weeks before the Shareholders’ Meeting.
• Your shares must be registered in your name or in the name of an authorized intermediary by 0.00 hours (12:00 am) (CET) on the second trading day preceding the date of the meeting.

All the information you require is provided in the notice of meeting, including a postal voting form.

Conditions are as follows:

IF YOU HOLD REGISTERED SHARES,
• You will receive the notice of meeting and the voting form from Société Générale, the centralizing intermediary appointed by Valeo.
• Return your form to Société Générale, Service des Assemblées Générales, 32, rue du Champ-de-Tir, BP 81236 – 44312 Nantes Cedex 3, France by 0.00 hours (12:00 am) (CET) on the third calendar day (date of receipt) preceding the date of the meeting.

IF YOU HOLD BEARER SHARES,
• You will receive the notice of meeting and the voting form from your financial intermediary.
• You must return the completed form to your financial intermediary who will then submit it together with your share ownership certificate.

Ordinary Shareholders’ Meetings

An Ordinary Shareholders’ Meeting must be held within six months of the end of the fiscal year. During this meeting, the governance bodies report on their management performance by presenting a review of the Company’s activities and results of the year. Shareholders approve the financial statements, set the dividend and, periodically, appoint and renew the terms of office of members of the governance bodies. Ordinary Shareholders’ Meetings are only validly constituted if at least one fifth of shares with voting rights are represented. Otherwise, a second Ordinary Shareholders’ Meeting is convened with no quorum requirements. Resolutions are adopted by a simple majority, i.e., 50% plus one additional vote.

Extraordinary Shareholders’ Meetings

An Extraordinary Shareholders’ Meeting may be called at any time to vote on an amendment to the articles of association or to request authorization for a share capital increase. Extraordinary Shareholders’ Meetings are only validly constituted if at least one fourth of shares with voting rights are represented at first call and one fifth at second call. Resolutions require a two-thirds majority to be adopted.

Ordinary and Extraordinary Shareholders’ Meetings

These are where the two aforementioned meetings are convened by the same notice and held together on the same day.

HOW TO PARTICIPATE IN SHAREHOLDERS’ MEETINGS

All shareholders are entitled to participate in Shareholders’ Meetings provided that the shares are registered in their name or that of their financial intermediary, regardless of the number of shares they own.

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DIFFERENT PROCEDURES, DEPENDING ON THE TYPE OF SHARE OWNERSHIP

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IF YOU HOLD BEARER SHARES,
• You will receive the notice of meeting and the voting form from your financial intermediary.
• You must return the completed form to your financial intermediary who will then submit it together with your share ownership certificate.

Shareholders are not obliged to attend these meetings, but are entitled to do so. All Shareholders’ Meetings have the opportunity to take part by various means concerning the Company’s management.
Voting

YOU HAVE THREE WAYS TO EXERCISE YOUR VOTING RIGHTS:
1. Vote online prior to the Shareholders’ Meeting via the secure VOTACCESS platform.
2. Cast a postal vote.
3. Give proxy to the Chairman of the Shareholders’ Meeting or to an appointed individual.

Vote or give proxy online (via VOTACCESS).
IF YOU HOLD REGISTERED SHARES (DIRECT OR ADMINISTERED)

You will need to log on to www.sharinbox.societegenerale.com using the ID number included on the voting form. You will receive one letter with an access code and one letter with a password one week before voting opens. Holders of directly registered shares can log in with their usual login credentials.

IF YOU HOLD BEARER SHARES,

You will need to contact your financial intermediary to find out whether they are connected to the secure Votaccess website dedicated to the Shareholders’ Meeting and, if so, whether there are any specific instructions for you. Only holders of bearer shares managed by an institution that is signed up to the website can vote online. You should log in to the web portal of the institution managing your account using your usual login credentials. At both sites, online voting will end the day before the Shareholders’ Meeting at 3:00 pm. You can also give a proxy to an individual or to the Chairman of the Shareholders’ Meeting via Votaccess.

Postal or proxy voting

Casting a postal vote:
Complete the voting form following the instructions provided on line A. Give proxy to the Chairman of the Shareholders’ Meeting, the Chairman will vote in accordance with the recommendations of the Board of Directors.

Giving proxy to another shareholder, your spouse or any other individual or legal entity of your choice, indicate the name and address of your proxy.
5

Managing your Valeo shares
Types of share ownership

As Valeo is listed on the Paris Stock Exchange, if you wish to buy shares in the Company you must hold a securities account with an accredited financial institution in France, for example, an authorized intermediary, a bank or a portfolio management company approved by the French financial markets authority (Autorité des marchés financiers).

Depending on the institution, your shares may be held in one of three forms: directly registered shares, administered registered shares or bearer shares.

**DIRECTLY REGISTERED**

These shares are registered with Valeo and held in an account at the security services division of Société Générale, appointed by Valeo. You pay no custody fees and receive precise information about the Group (notice of the Shareholders’ Meeting with forms for requesting an admission card, postal voting, proxies, and requests for publication).

Each share held in registered form for more than four years gives you double voting rights. You also benefit from Société Générale’s “Plus” services, consisting of:

- **Nomilia**, a phone service in several languages available 24/7 on +33 (0)2 51 85 67 89. Telephone representatives are available from 8:30 am to 6:00 pm (CET), Monday to Friday; [www.sharinbox.societegenerale.com](http://www.sharinbox.societegenerale.com) which allows you to view your portfolio and place orders online.

**ADMINISTERED REGISTERED SHARES**

These shares are held in a custody account with the intermediary of your choice and registered with Valeo by the intermediary at your request. This system gives you the same advantages as holding directly registered shares, with the exception of free custody services. Valeo shares held in administered registered form are compatible with inclusion in a French stock savings plan.

**BEARER SHARES**

These shares are held in a custody account with the financial intermediary of your choice (bank, investment company, online broker, etc.). However, you cannot be certain that Valeo will be aware of your identity at all times. As a holder of bearer shares, you have the advantage of being able to pool all the shares in your portfolio in a single account, notably as part of a French stock savings plan.

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### SUMMARY OF THE THREE FORMS OF SHARE OWNERSHIP

<table>
<thead>
<tr>
<th></th>
<th>Registered</th>
<th>Administered</th>
<th>Bearer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Account holder</strong></td>
<td>Société Générale</td>
<td>Your financial intermediary</td>
<td>Your financial intermediary</td>
</tr>
<tr>
<td><strong>Custody and routine management</strong></td>
<td>Free</td>
<td>Your financial intermediary’s fees</td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders’ Meeting</strong></td>
<td>The notice of meeting and the admission card request forms are sent to you directly. No share ownership certificate is required. You become a shareholder upon registering your shares with Société Générale.</td>
<td>The notice of meeting and the admission card request forms are sent to you by your financial intermediary. A share ownership certificate is required to vote at the Shareholders’ Meeting</td>
<td></td>
</tr>
<tr>
<td><strong>Stock market orders</strong></td>
<td>Purchase and sale orders are received and executed by Société Générale</td>
<td>Purchase and sale orders are managed by your financial intermediary</td>
<td></td>
</tr>
<tr>
<td><strong>Voting rights</strong></td>
<td>Double voting rights are attributed to shares held for at least four years (from date to date) as registered shares</td>
<td>One vote per share</td>
<td></td>
</tr>
</tbody>
</table>

---

Including Valeo shares held in directly registered form within a French stock savings plan is not recommended.
PART 5
MANAGING YOUR VALEO SHARES

Letter templates

REGISTRATION OF ADMINISTERED REGISTERED SHARES

Name  
First name  
Address  
Securities account reference number  
Bank  
Date  

Re: Registration of Valeo shares in administered registered form

Dear [Bank],

On receipt of this letter, please register the XX Valeo shares I hold in the above-referenced securities account in an administered registered account, to be opened in my name at your branch.

Yours faithfully,

Name  
First name  
Address  
Securities account reference number  
Bank  
Date  

REGISTRATION OF DIRECTLY REGISTERED SHARES

Name  
First name  
Address  
Securities account reference number  
Bank  
Date  

Re: Transfer of Valeo shares to a directly registered share account

Dear [Bank],

On receipt of this letter, please transfer the XX Valeo shares I hold in the above-referenced securities account to Société Générale for registration in a directly registered share account at the following address:

Société Générale
Département Titres Bourse – Comptes
32, rue du Champ-de-Tir
BP 81236 – 44312 Nantes Cedex 3
France

Yours faithfully,

Name  
First name  
Address  
Securities account reference number  
Bank  
Date  

Signature
Buying and selling Valeo shares

FOR BEARER AND ADMINISTERED REGISTERED ACCOUNTS:

Contact your financial intermediary.

FOR DIRECTLY REGISTERED SHARE ACCOUNTS:

Submit your order by filling out a form provided by Société Générale and send it by email, fax or mail.

Stock market orders and most common methods of execution

"LIMIT" ORDERS

This means that:
- as a buyer, you do not wish to pay more than a stated share price;
- as a seller, you do not wish to sell for less than a stated share price.

This type of order protects you against market risk. If the transaction will not be partially executed, it will not be executed.

This is the most common type of order.

"MARKET" ORDERS

These orders do not have a stated share price and can only be executed at the current market price.

They take priority over all other types of orders and are used to trade securities on very liquid markets. This type of order is not offered by our directly registered share service.

"MARKET-TO-LIMIT" ORDERS

These orders do not have a stated share price and are executed at the best price set by the order book. It may be that the order is only partially executed, in which case the balance is re-submitted as a limit order.

This type of order is used for very liquid securities that change hands quickly.

"LIMIT" ORDERS

This means that:
- as a buyer, you do not wish to pay more than a stated share price;
- as a seller, you do not wish to sell for less than a stated share price.

This type of order protects you against market fluctuations. However, there is a risk that the transaction will only be partially executed or not at all.

"TRAILING STOP" ORDERS

These orders enable an order to be placed at a price limited by two trailing amounts. It is submitted when the stop price is hit or exceeded.

CONTACT DETAILS:

Your order must be filled in clearly and accurately and must contain the following information:
- the issuing company’s name and ISIN code;
- the type of transaction (sale or purchase);
- the number of shares;
- the execution price;
- the expiration date of the order (month-end at the latest).

Société Générale Département Titres Bourse – Comptes
2, rue du Champ-de-Tir
BP 81236 – 44312 Nantes Cedex 3, France
Tel: +33 (0)2 51 85 67 89
Fax: +33 (0)2 51 85 53 42

2022 Shareholders’ Guide —— Valeo
Tax treatment in France

**CAPITAL GAINS TAX**

Capital gains are calculated when the shares are sold and correspond to the difference between the share purchase price and sale price, multiplied by the number of shares sold.

Capital gains are subject to the progressive income tax scale.

As of January 1, unless provided otherwise, allowances are applied based on the length of the holding period (see table below).

<table>
<thead>
<tr>
<th>Holding Period</th>
<th>Tax Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% - 2 years</td>
<td>0%</td>
</tr>
<tr>
<td>2 years - 8 years</td>
<td>50%</td>
</tr>
<tr>
<td>More than 8 years</td>
<td>65%</td>
</tr>
</tbody>
</table>

(1) The allowance is not applied to the calculation of social security contributions.

**DIVIDENDS**

Dividends are included in overall income and taxed based on the progressive income tax scale for the portion in excess of the 40% tax allowance.

**AT THE TIME OF PAYMENT**

They are subject to a 30% withholding tax.

Individuals whose household reference taxable income is lower than the following amounts may request an exemption from the withholding tax. Individuals whose household reference taxable income for the second to last year preceding the dividend payment is less than 50,000 euros (75,000 euros for joint tax declarations) may request an exemption, under their own responsibility and on the condition that they provide the paying institution with an annual declaration. Requests for exemption from the withholding tax must be made in writing by the taxpayer no later than November 30 of the year preceding that in which the tax is paid.

**ON FINAL PAYMENT OF TAXES**

Based on the information reported in your income tax return filed the year following that in which the dividends were received, the dividends are subject to income tax at a flat rate of 12.8% or taxed according to the progressive scale (if opted for in your overall tax return). If the option is chosen, income tax will be calculated on the gross amount of the dividends, less a 40% allowance, and a 6.8% fraction of the French CSG contribution will be tax deductible.

Capital gains and dividends received are exempt from income tax if they are held in a French share savings plan (plan d’épargne en actions) for more than five years. However, they remain subject to social security contributions.

**TAXATION OF DIVIDENDS**

These explanations concerning the taxation of dividends and capital gains are provided for information only. Shareholders seeking further information regarding the tax implications should contact their financial advisor.

**SUMMARY OF THE THREE FORMS OF SHARE OWNERSHIP**

<table>
<thead>
<tr>
<th>Description</th>
<th>Tax Treatment</th>
<th>Allowance Based on Holding Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital gains generated in 2021</td>
<td>Income tax scale +17.2% social security contributions</td>
<td>0% if held for less than 2 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50% if held for between 2 and 8 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65% if held for more than 8 years</td>
</tr>
</tbody>
</table>

(1) The allowance is not applied to the calculation of social security contributions.
TRANSFERRING SHARES AS PART OF AN INHERITANCE

If you inherit a portfolio of shares held as directly registered shares, you can transfer the shares to an account in your name by sending a letter signed by the notary responsible for managing the inheritance to Société Générale Securities Services. The letter must specify the names of the heirs as well as the number of shares to be transferred to each of them. The heirs may request that a securities account be opened to register the shares as directly registered here. These shares may also be transferred to any other securities account opened with another bank.

If the shares are held as administered registered or bearer shares, the same process must be carried out through the financial intermediary.

DONATING SHARES

If you hold directly registered shares and you wish to donate them, you must send a letter dated and signed by both the donor (the person making the donation) and the donee(s) (the person(s) receiving the donation) requesting that the shares be transferred to the donee’s securities account. If it is a directly registered share account, it may be opened by Société Générale Securities Services. The shares may also be transferred to any other securities account opened with another bank.

If the shares are held as administered registered or bearer shares, the same process must be carried out through the financial intermediary.

DONATING SHARES

In order to reduce inheritance fees incurred on the subsequent transfer of shares, you can choose to progressively transfer your assets during your lifetime.

Inheritance of personal property, real estate, shares and securities may be made once every 15 years and are exempt from taxes within the following limits:

- Direct relatives
  - Parents to children: for each parent and child €100,000
  - Grandparents to grandchildren: for each grandchild: €31,865
  - Great grandparents to great grandchildren: for each great grandchild: €5,310
- Married couples or couples in a civil union*: €80,724
- Single people*: €10,922
- To parents and grandparents*: €100,000
- To a nephew or niece*: €7,967
- To a disabled person*: €159,325

Donations to common-law partners, third parties or relatives beyond the fourth degree are not eligible for tax relief.

* In application of Article 5 of the second Amending Finance Act which entered into force on August 16, 2012 (further to its publication in the French official journal on August 17, 2012).

* This information applies to persons whose tax residence is in France.
Since 2016, a share capital increase reserved for employees, known as “Shares4U”, has been carried out in 20 major Group countries, enabling employees to subscribe to Valeo shares, either directly or indirectly through the Valeorizon mutual fund, under favorable conditions, notably with a 20% discount, and thereby become Valeo shareholders.

**VALEORIZON MUTUAL FUND**
Employees in France may choose to make voluntary contributions into the Group Employee Savings Plan (Plan d'Epargne de Groupe – PEG) and allocate them to the Valeorizon mutual fund, more than 90% of which is invested in Valeo shares. These contributions are topped-up with a Valeo employer contribution of up to 350 euros gross.

**FREE SHARE PLAN**
Free share plans have been in place since 2010 to grant free shares to Group employees in France and abroad*, subject to certain conditions.

**CAPITAL INCREASE**
Since 2016, a share capital increase reserved for employees, known as “Shares4U”, has been carried out in 20 major Group countries, enabling employees to subscribe to Valeo shares, either directly or indirectly through the Valeorizon mutual fund, under favorable conditions, notably with a 20% discount, and thereby become Valeo shareholders.

**CONTACTS IN FRANCE**
For employees in France, the single contact point is Amundi ESR:

- Using their login details, employees can access their savings and manage their account online at www.amundi-ee.com.
- They can also contact Amundi ESR directly:
  - by telephone: +33 (0)4 37 47 01 37 (toll-free number in France)
  - by mail: Amundi ESR – 26956 Valence Cedex 9 – France

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**VALEO’S NEW INTERNATIONAL EMPLOYEE SHARE OWNERSHIP PLAN**

**EMPLOYEE SHARE OWNERSHIP**

Valeo promotes employee share ownership and supports its employees’ savings efforts. Group employees can take advantage of several offers to become Valeo shareholders and as such be more closely involved in the Group’s performance.

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**FREE SHARE PLAN**

Free share plans have been in place since 2010 to grant free shares to Group employees in France and abroad*, subject to certain conditions.

FOR EMPLOYEES IN FRANCE, THE SINGLE CONTACT POINT IS AMUNDI ESR;
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**EMPLOYEE SHARE OWNERSHIP**

Valeo promotes employee share ownership and supports its employees’ savings efforts. Group employees can take advantage of several offers to become Valeo shareholders and as such be more closely involved in the Group’s performance.
Free Cash Flow

Free cash flow corresponds to net cash from operating activities (excluding changes in non-current assets, net investments and loans), after taking into account acquisitions and disposals of property, plant and equipment and changes in current assets and liabilities.

EBITDA

EBITDA corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in the operating margin) and the impact of government subsidies and grants on non-current assets, and (ii) net dividends from equity-accounted companies.

Net Debt

Net debt comprises all long-term debt, liabilities associated with leases, long-term and short-term borrowings, bank overdrafts, and other current liabilities, net of cash and cash equivalents and the fair value of derivative instruments hedging the foreign currency and interest rate risks associated with these liabilities.

Operating Margin

Operating margin includes share in net earnings of equity-accounted companies, operating income before other income and expenses, and any other income and expenses related to Valeo's share in net equity (except for Valeo Siemens eAutomotive, for which 100% of orders are taken into account), less any cancellations, based on Valeo's best reasonable estimates in terms of volumes, selling prices and project lifespans. Unaudited indicator.

Order Intake

Order intake corresponds to business awarded by automakers during the period to Valeo, and to joint ventures and associates based on Valeo's share in net equity (except for Valeo Siemens eAutomotive, for which 100% of orders are taken into account), less any cancellations, based on Valeo's best reasonable estimates in terms of volumes, selling prices and project lifespans. Unaudited indicator.

ROCE

ROCE, or return on capital employed, corresponds to operating margin (including share in net earnings of equity accounted companies) divided by capital employed (including investments in equity accounted companies) excluding goodwill.

GHG

Greenhouse gas: gases which absorb infrared rays emitted by the Earth's surface, contributing to the greenhouse effect.
Contacts
For more information about Valeo, please visit our website: www.valeo.com
Please contact us should you require any further information.

Valeo
Financial communications
Individual shareholders

Valeo
100, rue de Courcelles - 75017 Paris
Tel.: +33 (0)1 40 55 20 39
Email: valeo.actionnairesindividuels.mailbox@valeo.com

Société Générale Securities Services
Valeo shareholder relations
32, rue du Fange du Fa
BP 81236 - 44312 Nantes Cedex 3, France
Tel.: +33 (0)2 51 85 67 89
Fax.: +33 (0)2 51 85 53 42
Website: www.sharinbox.societegenerale.com

For more information about Valeo, please visit our website:
www.valeo.com

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