

# 2018 INTEGRATED REPORT

EXTRACT FROM THE  
REGISTRATION DOCUMENT

LED signal light circuit board

SMART TECHNOLOGY FOR SMARTER CARS





# CONTENTS

**VALEO**  
**INTEGRATED REPORT**



## THE VALEO INTEGRATED REPORT

For the fourth year running, Valeo has elected to use integrated reporting to present its business model. From the vantage point of Group strategy, the report provides an overview of the mechanisms through which its financial and non-financial performance, governance and outlook within its eco-system contribute to short-, medium- and long-term value creation. The report is based on the International Integrated Reporting Framework published by the IIRC (International Integrated Reporting Council). It addresses all of the Group's stakeholders, namely employees, the financial community, customers, suppliers, institutional and non-governmental organizations, and other local partners. The report covers the Group's financial, sales and non-financial performance over the 2018 financial year, as well as its medium-term projections.

The Integrated Report is included in the Registration Document and the standalone version is also available on the Valeo website ([www.valeo.com](http://www.valeo.com)).





**MESSAGE**  
**FROM JACQUES ASCHENBROICH,**  
 Chairman and Chief Executive Officer  
**P.04**



**P.10**  
**RISING TO SOCIETY'S**  
**MAJOR MOBILITY CHALLENGES**

- Cleaner air in major cities...  
... calls for increasingly electric powertrains — 11
- Increasing urbanization, leading to greater congestion...  
... is encouraging the development of autonomous driving — 12
- Human-machine interaction is being reshaped...  
... resulting in connected, shared and on-demand mobility — 14
- China, at the epicenter of the challenges reshaping mobility — 15



**P.36**

**GOVERNANCE**

- The Board of Directors in support of the Group's strategy — 37
- Roles of the Board of Directors' four committees at December 31, 2018 — 39
- An Operations Committee to implement the Group's strategy — 40
- Risk management, a key priority for Valeo — 43
- Strict adherence to ethics and compliance principles — 44

**GLOSSARIES — 46**

**KEY FIGURES IN 2018**

**P.06**

- Financial performance — 06
- Sustainable development performance — 08



**STRATEGY**

**P.16**

- Valeo, driving the three automotive revolutions — 16
- Order intake reflecting the success of Valeo's innovations — 18
- Innovation: fueling growth at Valeo — 19
- An organizational structure built on four high-growth potential Business Groups — 21
- Four coherent, well-balanced Business Groups — 22
- A stronger presence in Asia and among Asian customers — 24
- A corporate culture in support of strategy — 25
- Sustainable development, embedded in Valeo's DNA — 26
- Valeo and its stakeholders — 33
- Valeo's value creation model — 34



**JACQUES  
ASCHENBROICH**  
Chairman and Chief  
Executive Officer

## 2018 WAS CERTAINLY AN UNUSUAL YEAR FOR VALEO.

It's important to keep in mind that Valeo recorded its best results ever in 2017 (excluding the impact of the Valeo Siemens eAutomotive joint venture) and that its performance in first-half 2018 was in line with the previous year. Nonetheless, Valeo's results were significantly impacted in the second half by worsening market conditions, the implementation of the new WLTP<sup>(1)</sup> test cycle for cars in Europe, the sharp slowdown in the Chinese market, the rise in the price of raw materials and the shortage of electronic components.

The temporary dip in the Group's outperformance versus the market, as well as the decline in Valeo's results in the second half, had a major impact on share price performance during the year, despite the 6% full-year growth achieved at constant exchange rates. Medium- and long-term value creation is obviously one of our core

concerns, and the value created by Valeo is indeed higher than the value created by our peers over five years and ten years.

The Group responded to this situation as early as July, implementing a vigorous action plan aimed at cutting costs by around 100 million euros and reducing its capital expenditure, also by 100 million euros. As announced on February 21, we will continue to implement this action plan in 2019.

Our 2018 performance reflects uncertainty in a global automotive market faced with a complex macroeconomic environment and shaped by the revolutions that are well underway, in the form of autonomous and electric vehicles and digital mobility.

With these changes, Valeo is now in a stronger position than ever before. The technology platforms we have developed put us at the center of these revolutions and give us a strong position in fast-growing



“Our fundamentals are solid, our strategy is clear and our technology portfolio is unique.”

market segments for the coming years. The strength of Valeo's expertise lies in the fact that it brings together know-how in a number of businesses, from powertrains and thermal systems to lighting and sensors. This powerful combination resulted in further commercial successes in 2018, with the order intake exceeding 24 billion euros:

- 53% of this order intake related to innovations, confirming the strategic value of the 2,144 patents filed worldwide and the 2.1 billion euros allocated to R&D, of which one-third was dedicated to the development of ADAS and autonomous vehicles and half to technologies designed to reduce CO<sub>2</sub> emissions;
- a strong positioning in sensor development drove technological progress in advanced driving assistance systems and autonomous vehicles. Valeo's innovations make it a preferred partner in this area, for both its traditional automotive customers and for new players

in the field of mobility solutions. Valeo also achieved a world first during the year when it took to the streets of Paris in September to demonstrate autonomous vehicles fitted exclusively with series-produced sensors;

- our leadership position in powertrain systems for electric and hybrid vehicles was consolidated during the year. Alone or via its joint venture with Siemens, Valeo is the world leader in the low- and high-voltage powertrain systems market.

Once again, these commercial successes were built on the operational excellence achieved by Valeo's production and logistics teams. In 2018, 450 billion components were assembled and transformed into 1.5 billion products – or more than 6 million products per day – and then delivered to more than 600 sites around the world. These impressive figures reflect the exploits accomplished each day at our 186 plants worldwide.

With nearly 20,000 researchers, including 5,700 software engineers, as well as a network of more than 200 artificial intelligence specialists and a global open innovation ecosystem, Valeo also demonstrated in 2018 its ability to adapt to a changing environment while remaining loyal to its DNA.

Our fundamentals are solid, our strategy is clear and our technology portfolio unique. By developing technology platforms and increasing our production capacity, we have created all of the conditions necessary to fuel our future growth and long-term value creation.

We therefore look to the years ahead with optimism and enthusiasm.

**March 29, 2019**

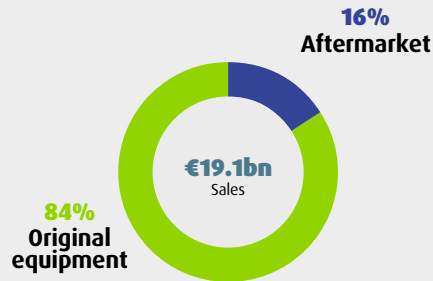
(1) WLTP: World Harmonized Light Vehicle Test Procedure.

# Financial performance

## SALES\*

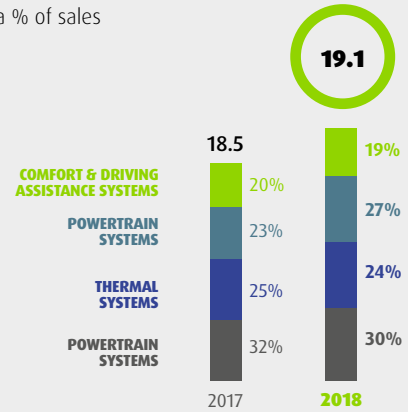
### BY DISTRIBUTION NETWORK

In billions of euros  
and as a % of sales



### BY BUSINESS GROUP

In billions of euros  
and as a % of sales

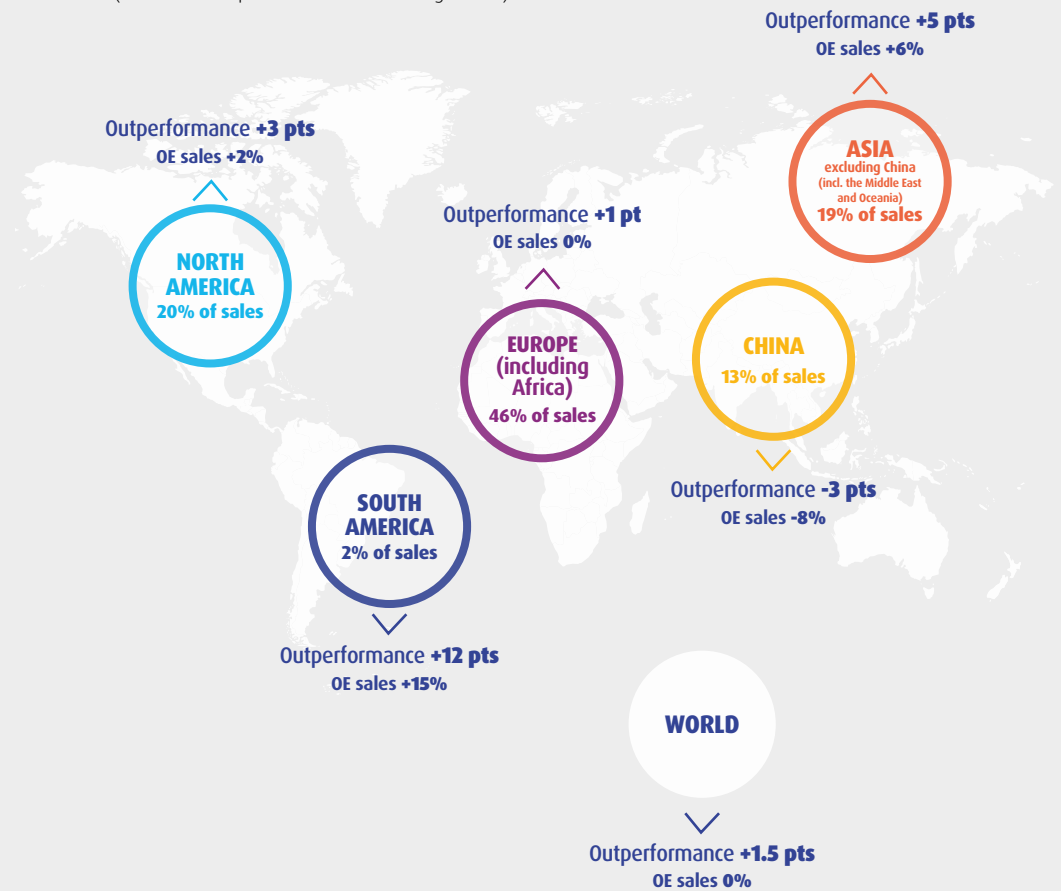


\* 2017 data differ from the data presented in the 2017 consolidated financial statements published in February 2018 since they have been adjusted to reflect the impact of retrospectively applying IFRS 15 and IFRS 9.

KEY FIGURES IN 2018

## ORIGINAL EQUIPMENT SALES: GROWTH, OUTPERFORMANCE AND BREAKDOWN BY DESTINATION REGION\*

Like for like (constant Group structure and exchange rates)\*\*

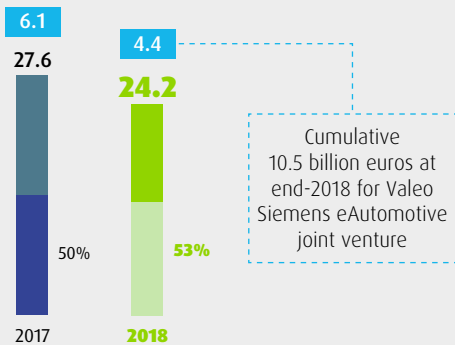


\* For the sake of consistency in our financial communications, the sales figures and outperformance information presented above have been determined using the same accounting principles as in 2017 (i.e., before the application of IFRS 15).

\*\* See Financial Glossary, page 46. Changes in exchange rates and Group structure during the year are described in Chapter 5 of the 2018 Registration Document, section 5.1.1 "Sales growth", page 270.

## ORDER INTAKE

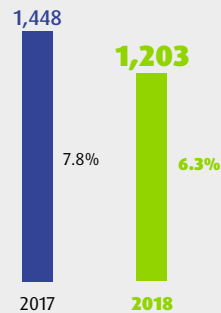
In billions of euros and weighting of innovative products and systems\*



\* Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive, FTE and Valeo-Kapec.

## OPERATING MARGIN\*

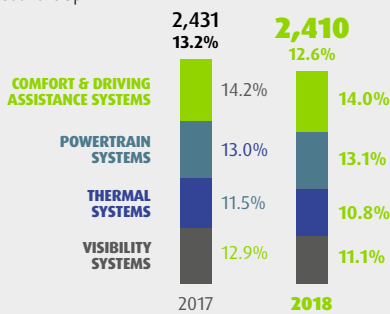
In millions of euros and as a % of sales



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

## EBITDA\* BY BUSINESS GROUP

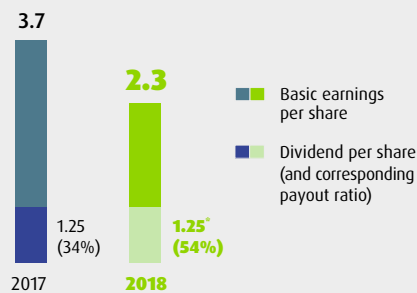
In millions of euros and as a % of sales by Business Group



\* See Financial Glossary, page 46.

## BASIC EARNINGS PER SHARE AND DIVIDEND PER SHARE

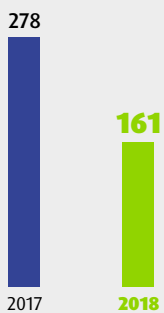
In euros



\* A 2018 dividend of 1.25 euros will be proposed at the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2018.

## FREE CASH FLOW\*

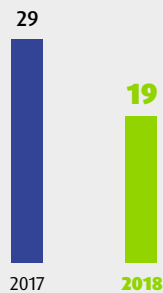
In millions of euros



\* See Financial Glossary, page 46.

## ROCE\* (return on capital employed)

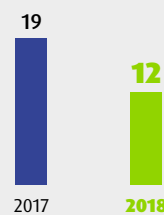
As a %



\* See Financial Glossary, page 46.

## ROA\* (return on assets)

As a %



\* See Financial Glossary, page 46.

### FOR MORE INFORMATION

See Chapter 5 of the 2018 Registration Document, 'Financial and accounting information', pages 267 to 406.

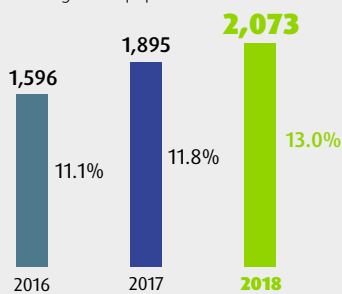
NB: 2017 data differ from the data presented in the 2017 consolidated financial statements published in February 2018 since they have been adjusted to reflect the impact of retrospectively applying IFRS 15 and IFRS 9.

# Sustainable development performance<sup>(1)</sup>

## FROM MEGATRENDS TO INNOVATION

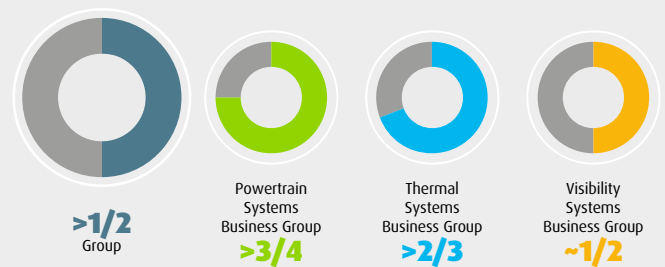
### GROSS RESEARCH AND DEVELOPMENT EXPENDITURE

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



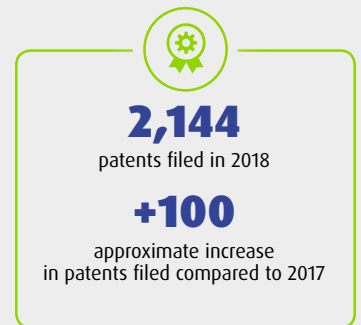
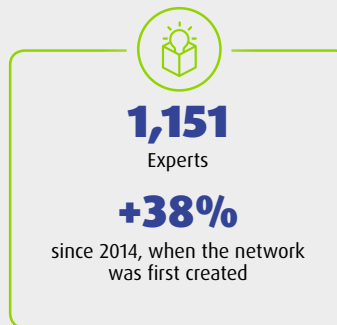
### ORIGINAL EQUIPMENT SALES DERIVED FROM PRODUCTS CONTRIBUTING TO THE REDUCTION OF CO<sub>2</sub> EMISSIONS

% of total 2018 original equipment sales, by Business Group, derived from products that contribute to CO<sub>2</sub> emissions reduction



NB: The Comfort & Driving Assistance Systems Business Group's contribution is not material.

## KEY FIGURES IN 2018



## GOVERNANCE



## SOCIAL FOOTPRINT



\* In accordance with the AFEP-MEDEF Code, this figure does not include the director representing employees.

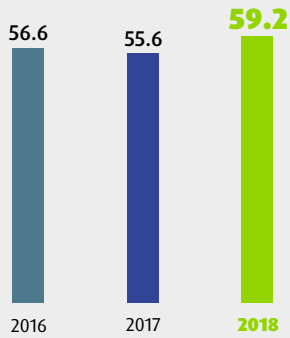
\*\* In accordance with decree No. 2017-1781 of December 27, 2017 on equal access for women and men to the Boards of Directors of companies and organizations, this percentage excludes the director representing employees.

(1) The performance chart presented in section "Sustainable growth" on page 27 of this report summarizes the Group's sustainable development performance.



## ENVIRONMENTAL ECO-EFFICIENCY

### TOTAL DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) EMISSIONS AS A % OF SALES (tCO<sub>2</sub>/€M)



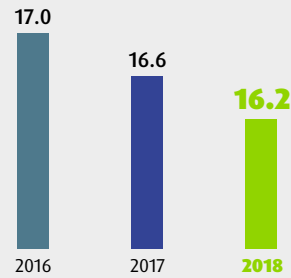
**17%**

of sites certified ISO 50001

**+5**

points compared to 2016

### TOTAL WASTE GENERATED AS A % OF SALES (t/€M)



**€21M**

in functional expenditure allocated to the environment

**+22%**

compared to 2016



**€5,843M**

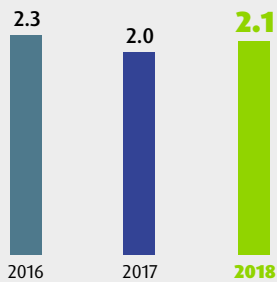
in investments in environmental protection (excluding cleanup costs)

**+75%**

compared to 2016

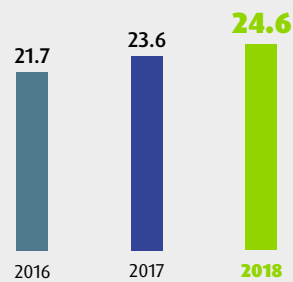
## VALEO AND ITS EMPLOYEES

### FREQUENCY RATE OF OCCUPATIONAL ACCIDENTS\* (FR1)



\* Calculation of FR1: number of lost-time accidents x 1,000,000/number of hours worked during the year.

### AVERAGE HOURS OF TRAINING PER EMPLOYEE\*



\* This ratio corresponds to all employees trained during the year (including those no longer in the Group)/total headcount at end-December of the year in question.



**GLOBAL TOP EMPLOYER 2019**

for the 5<sup>th</sup> year running



**2,376**

employees with disabilities

**+35%**

compared to 2017



**572**

collective bargaining agreements in force in 2018



## **RIISING TO SOCIETY'S MAJOR MOBILITY CHALLENGES**

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



**GEOFFREY BOUQUOT**

Vice-President, Corporate Strategy  
and External Relations

“At a time of climate transition, growing urbanization and digital revolution, lifestyles are changing, opening up new opportunities for Valeo.”



## CLEANER AIR IN MAJOR CITIES...

Today, there can be no doubt as to the reality of climate change, and it is sparking fears of a proliferation of increasingly intense, natural disasters.

In 2018, the concentration of greenhouse gases in the atmosphere – and above all CO<sub>2</sub> – reached new highs. As the number of deaths attributable to air pollution increases, awareness of air pollution as a health issue grows.

National and regional automotive regulations are becoming increasingly stringent, resulting in a need to bring greener vehicles to market.

- Following the environmental commitments made by countries and political unions, such as the European Union, automakers could be fined if they fail to meet CO<sub>2</sub> reduction targets.
- In the same vein, cities across the world are also lining up as new regulators, adapting urban infrastructure and encouraging new mobility behaviors through coercive regulations and “nudges” intended to curb noise and air (CO<sub>2</sub>, nitrogen oxide [NOx] and fine particle emissions) pollution as well as the number of road accidents.

In order to keep traffic congestion and air and noise pollution in check, major cities are increasingly developing new transportation regulations.

For example:

- in Asia, the city of Beijing (China) has introduced an odd-even license plate policy, quotas for new car sales and total driving restrictions for highly polluting vehicles on days of heavy smog;
- cities like Paris (France), Madrid (Spain), Athens (Greece) and Mexico City (Mexico) have committed to a full ban on diesel vehicles by 2025.

These policies have sent a strong signal to players in the automotive industry, pushing them to **invest massively and to bring more environmentally friendly vehicles to market.**



## ... CALLS FOR INCREASINGLY ELECTRIC POWERTRAINS



These days, economic growth and mobility are very closely linked. In France, for example, 75% of people need a vehicle to get to work. The decline in demand for diesel vehicles and the need for automakers to comply with increasingly stringent regulations on CO<sub>2</sub> emissions are leading to the development of new vehicle electrification solutions, including:

- optimization of internal combustion engines through transmission automation, particularly using dual-clutch transmissions;

- 48 V medium-power hybrid solutions enabling powertrain electrification at a competitive cost;
- high-power (over 60 V) electrification with electric vehicles and plug-in hybrids, offering a significant reduction in CO<sub>2</sub> emissions and the option of traveling in zero-emissions mode, especially in urban areas.

According to Valeo's projections, 2023 is expected to be a turning point for the automotive industry, with the production of vehicles with combustion engines decreasing to make way for hybrid

and electric vehicles. Valeo also estimates that, by 2030, one-third of vehicles will run on high-voltage electric motors, one-third on low-voltage motors and one-third on conventional combustion engines.

Thanks to its technologies, Valeo has the agility required to meet all of these powertrain needs.





## INCREASING URBANIZATION, LEADING TO GREATER CONGESTION...

The world's population already tops 7.6 billion and is projected to reach 11.2 billion by 2100 according to United Nations estimates. Population growth brings with it increasing urbanization, mainly in developing countries. Today, more than 50% of the world's population lives in cities, and the growing pace of urbanization represents a major challenge for city authorities, prompting them to take measures to **preserve air quality and reduce traffic congestion**.

To meet these challenges, cities are offering new services and encouraging new behaviors that improve people's daily lives, enabling them to take advantage of faster, easier and greener travel solutions. As well as air pollution, population growth and increasing urbanization **also raise questions about safe, secure mobility in the city of tomorrow**. Regulations introducing higher safety standards are helping to accelerate the shift toward autonomous vehicles: passive safety rules have been supplemented with new regulations covering active safety features such as emergency braking assistance.

Regulation, which is pushing down the market share of the diesel segment, is paving the way for the emergence of electric technology and fostering new mobility behaviors. Policies include:

- introduction of odd-even license plate restrictions (Beijing, Paris, etc.);
- high-occupancy vehicle lanes to encourage carpooling (Atlanta, United States);
- ban on passenger vehicles (downtown Oslo, Norway, from 2019).



## ... IS ENCOURAGING THE DEVELOPMENT OF AUTONOMOUS DRIVING

Guaranteeing safety and optimizing personal time are the challenges of the autonomous vehicle of tomorrow:

- autonomous cars will **reduce the risk of collision** to one in a billion, since 90% of accidents are currently caused by human error;

- they will revolutionize the way vehicles are used: **users will have to get used to being driven around, whether in passenger cars or when using shared mobility solutions such as robotaxis.**

Autonomous vehicles will need to be able to navigate complex environments: cities contain unsignposted streets, crossroads and other intersections, whereas highway lanes, beltways and ring roads are clearly marked. So one technological challenge for automated driving in cities is the capacity of sensors to identify all other vehicles in the vicinity and anticipate their trajectories in order to ensure the safety of all road users.





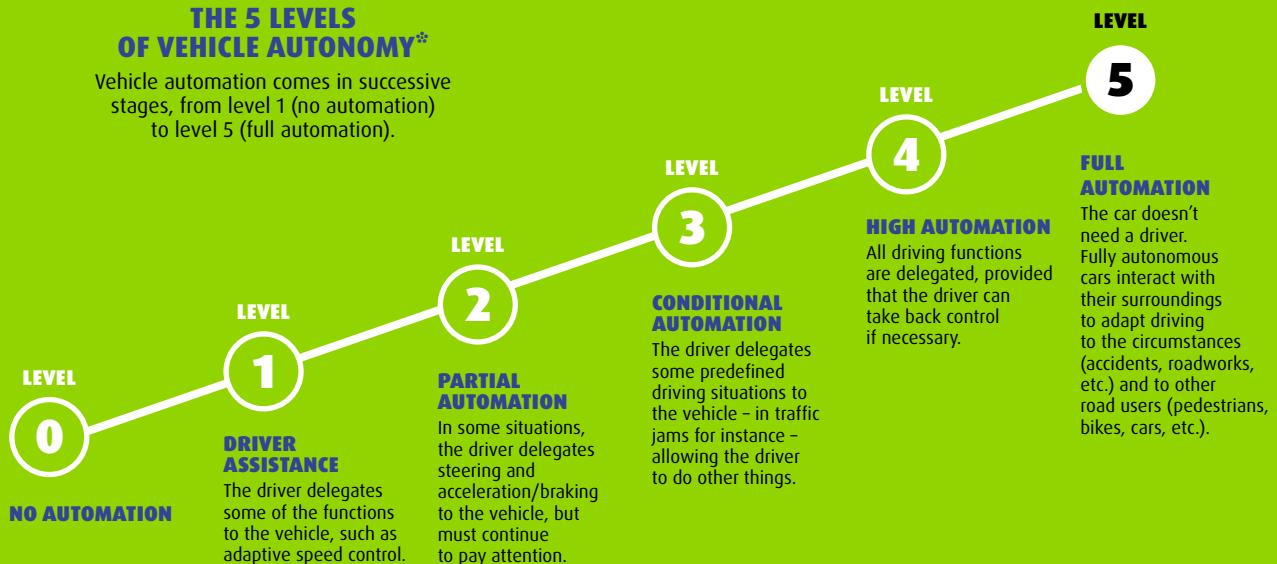
**GUILLAUME DEVAUCHELLE**

Vice-President,  
Innovation and Scientific Development

“Future mobility will be unrecognizable: closely matched to individual needs, precisely scaled to actual use, sometimes shared, and less carbon intensive.”

**THE 5 LEVELS OF VEHICLE AUTONOMY\***

Vehicle automation comes in successive stages, from level 1 (no automation) to level 5 (full automation).



\* Source: SAE International (Society of Automotive Engineers International).

Autonomous vehicles need to tackle several challenges:

- **analyzing their surroundings.** Just as drivers need all their senses to remain alert on the road, autonomous vehicles need a range of sensors (radars, LiDARs, cameras, ultrasonic sensors) to analyze their surroundings, whatever the weather and however long the journey;
- **making the right driving decision.** The data collected by the sensors are interpreted in real time using complex algorithms based on software and artificial intelligence, just like the human brain processes information from the five senses. This is how the vehicle

trajectory is chosen (braking, acceleration, turning) and the command sent to the relevant actuators;

- **anticipating and learning on its own,** thanks to artificial intelligence, which enables the vehicle to learn from the different situations it is faced with. Sensors, software and artificial intelligence combine to allow the car to **understand, analyze and respond to its surroundings** with the right driving decision.



## HUMAN-MACHINE INTERACTION IS BEING RESHAPED...

The combination of urban society and hyper-connectivity is shaking up the way people live.

Community models are taking shape around shared interests made possible by new technologies, which are being used to improve quality of life in people's immediate, everyday environments (via geolocation, big data, smart objects, etc.). New technologies are disrupting conventional uses and deeply transforming interactions between people and objects.

**This digitized and hyper-connected world is opening up unique opportunities for the automotive industry.**



### ... RESULTING IN CONNECTED, SHARED AND ON-DEMAND MOBILITY

In recent years, new forms of urban mobility have emerged, using redesigned existing solutions or innovations, such as electric scooters, self-balancing unicycles, and electric bikes. Collectively known as personal transportation gadgets (PTG), these modes of transportation are silent, much more energy efficient and quicker and easier for getting around.

Similarly, the popularity of new services such as car-pooling, car-sharing and ride-hailing services are growing exponentially. City dwellers are increasingly shifting away from the notion of ownership and opting for the flexibility of shared solutions. **This phenomenon is revolutionizing mobility, making it user-centric and service-based.**

At the same time, autonomous driving will be more effective if the vehicle can connect to other vehicles, road infrastructure and telecom networks. Ultimately, autonomous vehicles will be connected and new mobility services will be based on digital platforms allowing users to access a panel of service companies.

**In this way, technology is being harnessed to deliver more efficient mobility that optimizes accessibility, travel time and price.**

The arrival of autonomous vehicles, combined with the management of shared mobility, could pave the way for transportation networks that are able to instantly adapt to demand, based on existing infrastructure, for journeys with fewer connections and less waiting time.

In the city of tomorrow, the notion of journey will probably be set aside in favor of more fluid and flexible travel made possible by a diverse range of mobility solutions.

## China, at the epicenter of the challenges reshaping mobility

### The boom in vehicle ownership in China over the last 20 years has made it the world's biggest passenger car market.

At the same time, Chinese cities are facing a high concentration of cars, highlighting the challenges of urban mobility and the pressing need to limit the economic and environmental

toll. With a projected urban population of more than 1 billion in 2030, the Chinese market will continue to be characterized by strong growth and immense environmental challenges.

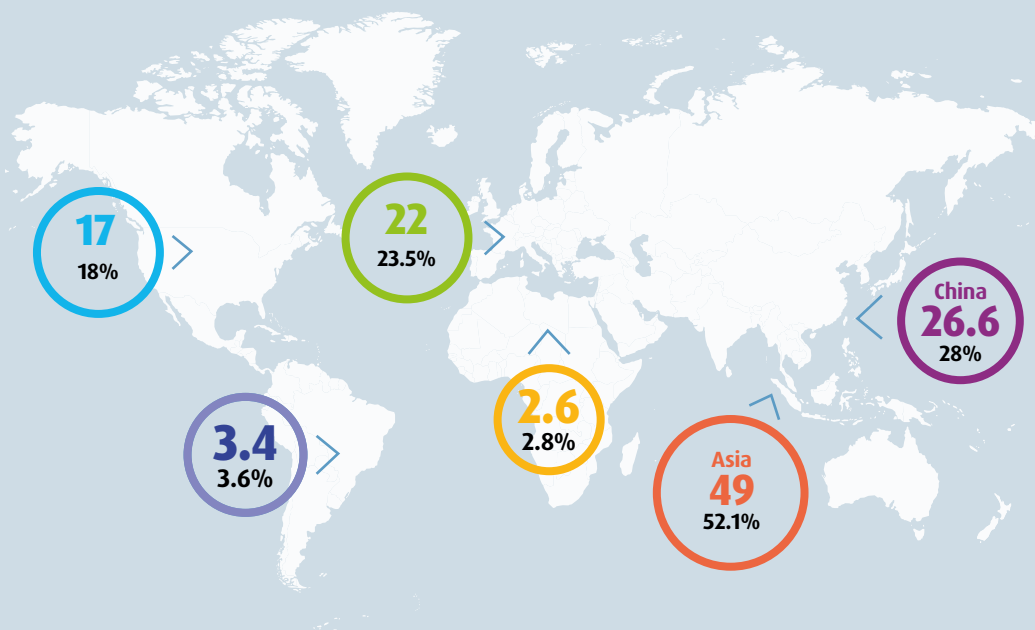
With this in mind, China is energetically encouraging the purchase of new energy vehicles (NEVs): the Chinese government is very ambitiously aiming to increase

the share of NEVs to 20% by 2025 through large subsidies and quota schemes encouraging manufacturers to produce electric vehicles.

China is a key player in vehicle electrification: in 2018, 50% of the world's electric vehicle sales were made in China.

### REGIONAL BREAKDOWN OF GLOBAL AUTOMOTIVE PRODUCTION IN 2018

In millions of vehicles<sup>(1)</sup> and as a %



**FRANÇOIS MARION**  
President, Valeo China

“China’s urban areas highlight the challenges shaping urban mobility in the 21<sup>st</sup> century. A new approach prioritizing connectivity and respect for the environment will be key, as will emerging new mobility practices. This profound transformation is already underway today.”

(1) Information relating to automotive production is based on data provided by IHS/CPCA for China.



# STRATEGY

Fully aware of the environmental challenges and risks that our society faces today, Valeo develops innovations that help shape the future of transportation, with the aim of significantly reducing pollutant emissions. These products currently account for more than 50% of the Group's sales.

Valeo has successfully adjusted its business model and seized the opportunities created by these new technologies to deliver capabilities that are driving the future of mobility. Valeo-designed products position the Group at the epicenter of the three revolutions disrupting today's automotive industry.



## VALEO, DRIVING THE THREE AUTOMOTIVE REVOLUTIONS

### **VALEO, PIONEER AND WORLD LEADER IN VEHICLE ELECTRIFICATION**

Efficient, silent and clean, electric mobility solutions make it possible to develop vehicles that are adapted to economic and energy challenges. The pioneer in vehicle electrification, **Valeo fits one in every three cars worldwide** with electrical systems for reducing CO<sub>2</sub> emissions. Today, it offers a comprehensive portfolio of customizable solutions to suit all levels of electrification and vehicle segments, from low-voltage mild hybrids to high-voltage all-electric models.

### **Low- and medium-voltage solutions (12 V and 48 V)**

Valeo develops low- and medium-voltage solutions like the electric supercharger and the starter-alternator that handles the stop-start function. It also offers affordable 48 V systems that are adapted to both electric vehicles and plug-in hybrids. These systems represent an innovative solution that **helps to make electric vehicles more widely accessible.**

### **VALEO'S 48 V INNOVATIONS**

The 48 V system is a modular solution that can be adapted to a wide variety of uses.

In just one year, Valeo has applied its 48 V modules to power a plug-in family hybrid, an autonomous six-passenger shuttle, a hybrid delivery truck and a small urban car-sharing vehicle.





## High-voltage solutions (over 60 V)

Through the Valeo Siemens eAutomotive joint venture, Valeo stands at the forefront of the global market in high-power electrical systems for hybrid, plug-in hybrid and all-electric models. In addition to the electric motor itself, Valeo Siemens eAutomotive also makes the components for integrating the full powertrain system: onboard battery charger, DC/DC converter, and inverter for controlling the motor.

Set up in December 2016, the joint venture with Siemens had a cumulative order intake of 10.5 billion euros at end-2018.

## Battery thermal management solutions

In addition to electric technologies, vehicle electrification also requires the development of solutions to control battery temperature and energy-efficient systems to heat and cool the vehicle interior. Valeo is one of the world leaders in the battery cooling systems needed to ensure satisfactory battery life and performance.

## AUTONOMOUS DRIVING

Autonomous driving in dense and complex urban environments is a major technological challenge. Autonomous vehicles are equipped with a multitude of sensors that enable them to perceive their surroundings. Autonomous vehicles must therefore:

- **analyze their surroundings.** Valeo offers the most comprehensive portfolio of driving assistance sensors on the market, with ultrasonic sensors, radars, cameras and laser scanners, including the Valeo SCALA™, currently the only series-produced version. These sensors are positioned all around the vehicle, giving it a 360° perception of its surroundings;
- **understand their surroundings and make the right driving decisions.** The calculation algorithms developed by Valeo aggregate the data from the sensors and analyze them in real time, enabling the vehicle to make the right driving decisions, all without compromising safety;
- **anticipate and learn on their own, thanks to artificial intelligence.** To achieve rapid, highly adapted decision-making ability, the Valeo technology is built on a learning-capable neural network.

As these sensors need to be able to work at all times and in all types of weather, it is vital that they are kept clean, regardless of whether the vehicle is used for individual purposes or as part of a shared mobility solution. With this

### THE VALEO SCALA™ LASER SCANNER: THE WORLD'S FIRST LIDAR DEVICE CERTIFIED FOR MASS AUTOMOTIVE PRODUCTION

With its unrivaled combination of long detection range, wide field of vision and high resolution and precision, this unique sensor is the perfect addition to the existing range of environment perception technologies.



in mind, Valeo has developed a range of three fully automated cleaning systems for all types of cameras and LiDARs.

This broad portfolio of sensors and their associated cleaning systems enable mobility operators to develop new transportation solutions. For example:

- Valeo's onboard driving assistance systems will be fitted to robotaxis;
- Valeo has forged a partnership with Wabco, the leading global supplier of technologies and products for commercial vehicles, to deploy its sensors on trucks. Valeo's systems will notably make it possible to activate automatic emergency braking and eliminate the blind spots specific to these vehicles.

## MOBILITY EXPERIENCED AS A SERVICE

Valeo has positioned itself as a recognized technology supplier for smart mobility solutions, notably by acquiring stakes in or forming partnerships with key new mobility and services players:

- Valeo has signed a partnership agreement with **Mobileye** to develop and promote a new autonomous vehicle safety standard based on Responsibility-Sensitive Safety (RSS), Mobileye's mathematical safety model, with the goal of widespread industry adoption;
- the Group has entered into a partnership with **Baidu** to facilitate the development of autonomous vehicles. Valeo contributes its expertise in sensors, connectivity between autonomous vehicles, sensor cleaning systems and the control and optimization of air quality in the vehicle interior. In exchange, it benefits from the full range of software, hardware and data tools (operating systems, positioning and mapping services, simulation engines, cloud, algorithms, etc.) provided by Baidu to its partners;

- Valeo is also working with **Capgemini** on the development of the **Mov'InBlue™** solution for the secure reservation and management of vehicle fleets. Based on Valeo's InBlue™ smart key technology, it allows users to lock and unlock their vehicle and start the engine all from their smartphone, without having to access the GSM network;
- in partnership with **Cisco**, Valeo has developed the Cyber Valet Services solution, which enables vehicles equipped with Valeo Park4U™ technology to park safely and autonomously, i.e., without a driver on board, in connected car parks;
- a cooperation agreement has been signed with **Navya**, a company specialized in the design of fully autonomous electric shuttles;
- in partnership with **Cloudmade**, the Group has created the Valeo My Mobius test cockpit, which features embedded machine-learning technologies;
- lastly, Valeo has teamed up with **Kuantic**, which designs innovative integration solutions aimed at the onboard telematics market for fleet managers.

**Autonomous and connected vehicles are destined to go beyond their primary vocation of getting people around to become fully fledged services platforms in the coming years.**



## ORDER INTAKE REFLECTING THE SUCCESS OF VALEO'S INNOVATIONS

### VALEO'S ORDER INTAKE WILL ENSURE THAT THE GROUP MAINTAINS ITS STRONG GROWTH DYNAMIC OVER THE COMING YEARS

The Group's order intake is fully focused on the three revolutions disrupting the automotive industry. Reflecting the continued success of technologies in the areas of CO<sub>2</sub> emissions reduction and intuitive and connected driving, the order intake for 2018 was **28.6 billion euros** or 1.7 times original equipment sales, breaking down as follows:

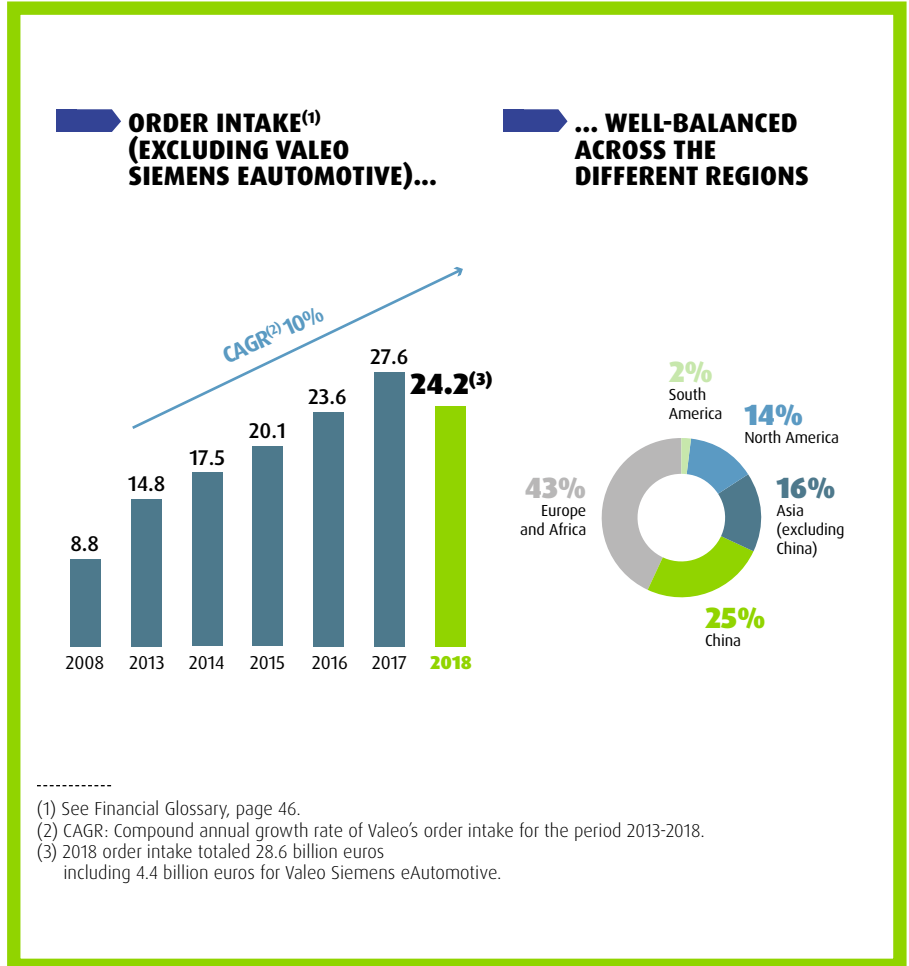
- **24.2 billion euros for Valeo**, or 1.5 times original equipment sales;
- **4.4 billion euros for Valeo Siemens eAutomotive GmbH**. Set up in December 2016, the joint venture with Siemens had a cumulative order intake of 10.5 billion euros at end-2018.



### VALEO INNOVATIONS ARE RECOGNIZED AND ADOPTED BY AUTOMAKERS

Today, Valeo's growth is driven by its capacity to innovate:

- the proportion of innovative products<sup>(1)</sup> in the order intake has stabilized at a very high level. **In 2018, 53% of the order intake related to innovations** (60% including Valeo Siemens eAutomotive), confirming the strategic value of the 2,144 patents filed worldwide and the 2.1 billion euros allocated to Research and Development in 2018;
- the proportion of innovations in the order intake also reflects Valeo's consolidated leadership position in powertrain systems for electric and hybrid vehicles. Alone or via its joint venture with Siemens, Valeo is the world leader in the low- and high-voltage powertrain systems market;
- in 2018, 1 billion euros in order take related to 360° detection and automated parking assistance systems enhanced with artificial intelligence.



**Major advances in sensor development** are driving technological progress in autonomous vehicles and advanced driving assistance systems.

Its innovations make Valeo a preferred partner in this area, for both its traditional automotive customers and for new players in the field of mobility solutions. In 2018, 1 billion euros in order intake related to robotaxis.

#### FOR MORE INFORMATION

See Chapter 5 of the 2018 Registration Document, section 5.1 "Analysis of 2018 consolidated results", pages 268 to 279.

**MEDIUM-TERM OUTLOOK**

The trends in the automotive market and in raw material prices in 2018 and the projections for 2019 lead us to revise the assumptions used to determine our medium-term outlook, as presented at our Investor Day in February 2017. The Group will publish its new medium-term objectives during the Investor Day to be held before the end of 2019.

(1) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive, FTE automotive and Valeo-Kaptec.



## INNOVATION: FUELING GROWTH AT VALEO

With 5,000 software engineers, a network of more than 200 experts in artificial intelligence and a global open innovation<sup>(1)</sup> ecosystem, Valeo has demonstrated its ability to adapt to a changing environment. Through its investments in Research and

Development, the Group is helping to make urban mobility safer and more sustainable by developing:

- environmentally responsible solutions that reduce vehicles' fuel consumption and greenhouse gas emissions;

- intuitive solutions that minimize the risk of accidents and improve the driving experience.

### A SAMPLE OF VALEO'S RECENT INNOVATIONS



#### VALEO DRIVE4U™

the first autonomous car using only sensors that are already series-produced (ultrasonic, cameras, lasers, radars and LiDARs) and artificial intelligence.



#### VALEO XTRAVUE TRAILER

causes a trailer or caravan to appear transparent in the rearview mirror of the vehicle towing it.



#### VALEO PICTUREBEAM MONOLITHIC

is a high definition lighting system developed in partnership with CREE, the US market leader in the manufacture of LEDs. The solution generates a high definition beam of light on the road without ever dazzling other road users. It also enables information and images to be projected onto the road.



#### VALEO OXY'ZEN

can be used to activate air purification systems inside the vehicle cabin, via a smartphone.

(1) See Sustainable Development Glossary, page 46.



## **AN ACCLAIMED INNOVATION STRATEGY**

Valeo protects its innovations through an active patent filing policy: 2,144 patents were filed in 2018, nearly 100 more than in 2017. In 2018, Valeo won two Automotive News PACE awards<sup>(1)</sup> for two of its innovations:

- **the SCALA™**, the first and only series-produced laser scanner on the market today and a key enabler for highly automated driving. With a vast (145°) field of vision, it has the ability to detect stationary as well as moving objects up to a distance of 150 meters in any weather, both day and night;
- **Valeo's R-744 air conditioning system**, which works without chemical refrigerants, making it the world's first HVAC system to use a natural refrigerant.

## **AN OPEN INNOVATION STRATEGY**

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

- In line with this open innovation strategy, the Group launched **Valeo.ai**, the first global research center specializing in artificial intelligence and deep learning for automotive applications. Drawing on a network of 200 engineers, Valeo.ai offers invaluable opportunities for Valeo in onboard artificial intelligence. Based in Paris, Valeo.ai aims to become a key player in the mobility industry by leveraging close ties with a vast community of scientists and academics, such as the French national research institute for the digital sciences (INRIA), Telecom ParisTech, Mines ParisTech and the French Alternative Energies and Atomic Energy Commission (CEA).
- Valeo is developing its own **start-up** and **open innovation** ecosystem by investing in venture capital funds in Silicon Valley (United States), France, Germany, Israel and China and by acquiring direct stakes in innovative companies.

### **FOR MORE INFORMATION**



See Chapter 4 of the 2018 Registration Document, "Sustainable Development", pages 177 to 266.

## **SPOTLIGHT ON PARTNERSHIPS SIGNED IN 2018**

**Valeo and Apollo**, the open autonomous driving platform created by Baidu, the leading Chinese-language internet search provider.

**Valeo and NTT Docomo**, Japan's leading mobile operator. The partnership agreement provides for the pooling of the parties' respective expertise and solutions to offer telecommunication services and onboard equipment for connected cars, including next-generation mobility services (5G/V2X), digital services for connected cars using smartphones, and enhanced controls for onboard equipment.

**Mov'InBlue and Drivy**, Europe's leading car-sharing platform, launch a connected and interoperable shared mobility solution.

When integrated with the Drivy platform, the Mov'InBlue solution makes it possible to share vehicles from any fleet with Drivy's community of 2.5 million users, enabling fleet managers to optimize vehicle use and providing them with an additional source of revenue.

(1) For more than 20 years, the PACE Awards have honored top innovation, technological advancement and business performance by automotive suppliers. The prestigious awards are recognized around the world as the industry benchmark for innovation.





## AN ORGANIZATIONAL STRUCTURE BUILT ON FOUR HIGH-GROWTH POTENTIAL BUSINESS GROUPS

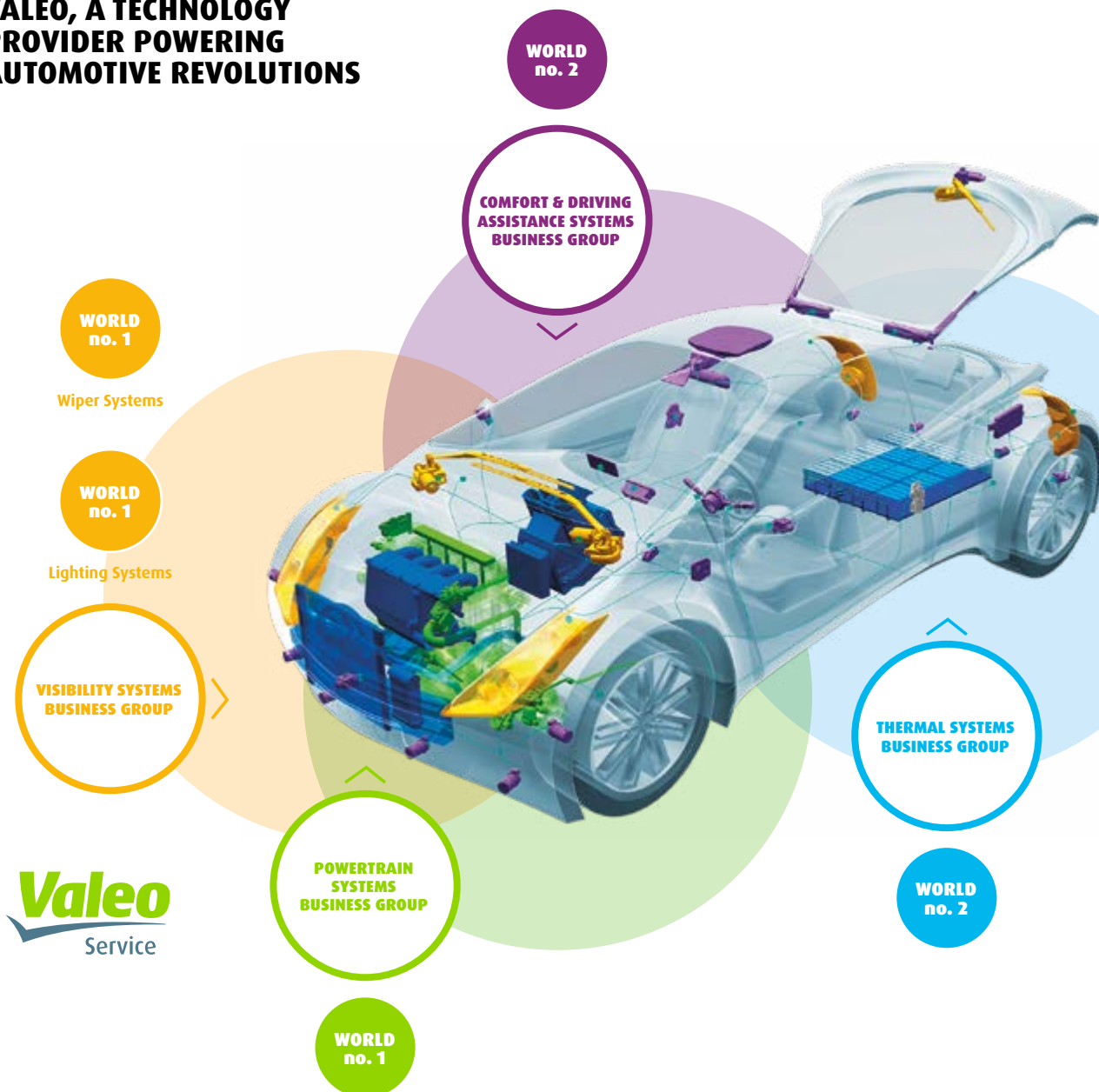
In a fast-changing automotive industry, Valeo is strongly positioned in the electric, autonomous and connected vehicle segments.

The strength of Valeo's expertise lies in the fact that it brings together know-how in a number of businesses, from powertrains and thermal systems to lighting and sensors. Its teams work together to develop future-oriented mobility products and systems that effectively meet the needs of end users.

This positioning is thanks to:

- a capacity for constant innovation grounded in the operating synergies between the different Business Groups and in a unique portfolio of technologies;
- the six main strategic, targeted transactions (acquisitions, joint ventures, and a takeover) carried out in 2016 and 2017, which support the Group's value creation model based on innovation and organic growth.

### VALEO, A TECHNOLOGY PROVIDER POWERING AUTOMOTIVE REVOLUTIONS





**FOUR COHERENT, WELL-BALANCED BUSINESS GROUPS**

**COMFORT & DRIVING ASSISTANCE SYSTEMS:**

enabling ever more intuitive driving

€3.6 BN

19% OF SALES

24,600

EMPLOYEES

Tomorrow's cars will be automated and connected. Innovative, intuitive interfaces will be needed to support this functional enhancement. The Comfort & Driving Assistance Systems Business Group focuses on driver experience, developing solutions to make mobility more automated, more intuitive and more connected.



World no. 2 in the high-speed telematics and cybersecurity systems required by autonomous and connected vehicles.



**VANESSA PICRON,**

R&D Director for the driving assistance and active safety product line

"Valeo is now the world's leading manufacturer of driving assistance sensors, which act as the vehicle's eyes and ears. For Valeo, smart vehicles are vehicles that can learn from what is happening around them, predict and anticipate situations, provide suggestions to the driver and ensure driver and passenger safety."

**POWERTRAIN SYSTEMS:**

targeting low-carbon mobility

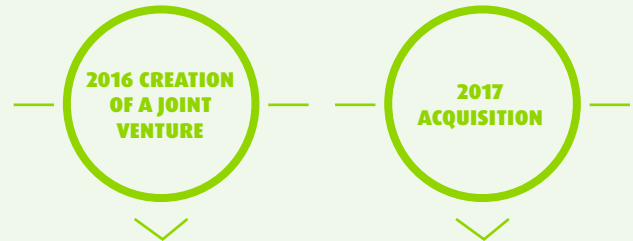
€5.1 BN

26% OF SALES

23,700

EMPLOYEES

The Powertrain Systems Business Group develops innovative powertrain solutions to reduce CO<sub>2</sub> emissions and optimize vehicle energy efficiency without compromising on driving performance or pleasure. Growth in the Business Group is driven by the development of **smart engines, motors and transmissions, medium-electrification and high-power electrification (over 60 V).**



World no. 1 in high-voltage electrification for plug-in hybrids and electric vehicles



World no. 1 in active hydraulic actuators for automatic transmissions



World no. 1 in torque converters for automatic transmissions



**MICHEL FORISSIER**

Chief Technology Officer

"In 2017 and 2018, Valeo illustrated the change in urban electric mobility with eight 48 V technology demonstration vehicles: affordable urban electric vehicles, an electric scooter, an electric rickshaw, an affordable plug-in hybrid and a hybrid commercial vehicle."

## VISIBILITY SYSTEMS:

offering optimal visibility  
for future mobility

€5.7 BN

29% OF SALES

36,900

EMPLOYEES

The Visibility Systems Business Group designs efficient and innovative lighting and wiper systems which support the driver and passengers in all weather, day and night, and in their various onboard activities. Growth in the Business Group is driven by the generalization of LEDs, the reinvention of wiper systems, and the "experience of traveling".



**ICHIKOH**

Valeo becomes the **world no. 1** in lighting systems thanks to a stronger presence in Asia and among Asian customers.



### **BENOIST FLEURY,**

**Product Marketing and  
Communication Director, Visibility  
Systems Business Group**

"Because they generate new needs in terms of high-definition LED lighting and signaling, enhanced interior lighting and sensor cleaning, autonomous and connected cars represent a key growth driver for Valeo's Lighting and Wiper activities."

## THERMAL SYSTEMS:

ensuring passenger  
well-being

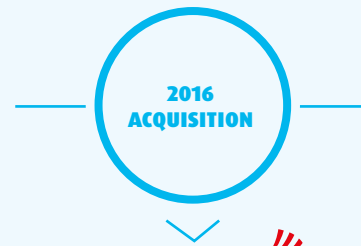
€5.0 BN

26% OF SALES

24,500

EMPLOYEES

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



**SPHEROS**

**World no. 1** in thermal systems for buses,  
a fast-growing market



### **PASCALE HERMAN,**

**Product Marketing Director,  
Thermal Systems Business Group**

"With the development of car-pooling and fleets of shared vehicles, the Thermal Systems Business Group is anticipating new mobility by proposing an approach focused on passenger health and well-being. The notion of comfort has to surpass mere thermal or ergonomic comfort."

### FOR MORE INFORMATION



See Chapter 1 of the 2018 Registration Document,  
"Presentation of Valeo", pages 47 to 80.



## A STRONGER PRESENCE IN ASIA AND AMONG ASIAN CUSTOMERS

As a global partner for automaker customers and a local player in each of its markets, Valeo has made a strategic priority of expanding its market share, particularly in Asia. The Group aims to strengthen its foothold in this region, which accounted for 51% of global automotive production<sup>(1)</sup> in 2018.

To achieve this goal, the Group supports its longstanding customers in regions with long-term high growth potential, especially in China, while continuing to grow in mature regions such as Western Europe and North America. The Group also seeks to bolster its relations with new players such as Asian automakers, particularly by opening up local plants and R&D centers.

Already the world's biggest market, **China** has become the Group's largest country in terms of order intake and headcount:

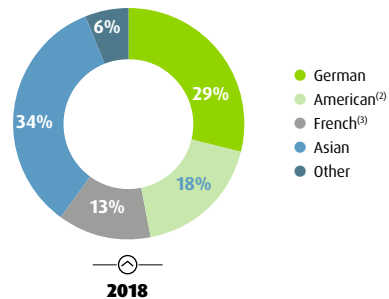
- 25% of the order intake comes from China, of which 44% from local Chinese automakers;
- 34 plants and 7 R&D centers are in operation in China;
- around 3,300 R&D engineers.

Another strategic market for Valeo is **India**, currently the world's sixth largest producer of passenger cars with the ambition of becoming the third by 2026. In this region, the Group is focusing on developing competitively priced technological solutions that foster cleaner mobility and enhanced safety.



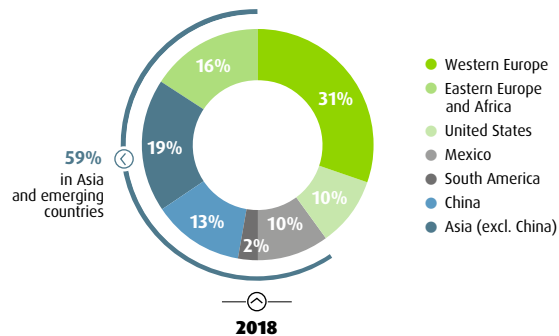
### BALANCED CUSTOMER PORTFOLIO...

As a % of original equipment sales



### ... POSITIONED IN REGIONS WITH HIGH GROWTH POTENTIAL

As a % of original equipment sales, by destination region



(1) Based on IHS automotive production estimates released on January 16, 2019/CPCA estimates for data relating to China.

(2) Excluding Opel.

(3) Including Opel.





## A CORPORATE CULTURE IN SUPPORT OF STRATEGY

VALEO'S CULTURE IS UNDERPINNED BY FIVE CORE VALUES:



AND THE "5 AXES" OF OPERATIONAL EXCELLENCE:

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

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

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





**CHRISTOPHE PÉRILLAT**  
Chief Operating Officer

*"The 5 Axes methodology is the cornerstone of the Group's operating culture."*



## SUSTAINABLE DEVELOPMENT, EMBEDDED IN VALEO'S DNA

A commitment to sustainable development is embedded in Valeo's DNA. As a technology company, the Group offers innovative products and systems that help reduce CO<sub>2</sub> emissions and promote the development of intuitive, connected and autonomous driving. **At Valeo, sustainable development is built on four key pillars:** innovation, environmental eco-efficiency, employees and commitment to corporate citizenship. It pervades all the areas where Valeo interacts with stakeholders, both internally and outside of the Group.

### KEY SUSTAINABLE DEVELOPMENT CHALLENGES

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

- enable stakeholders to better comprehend their interactions with Valeo;

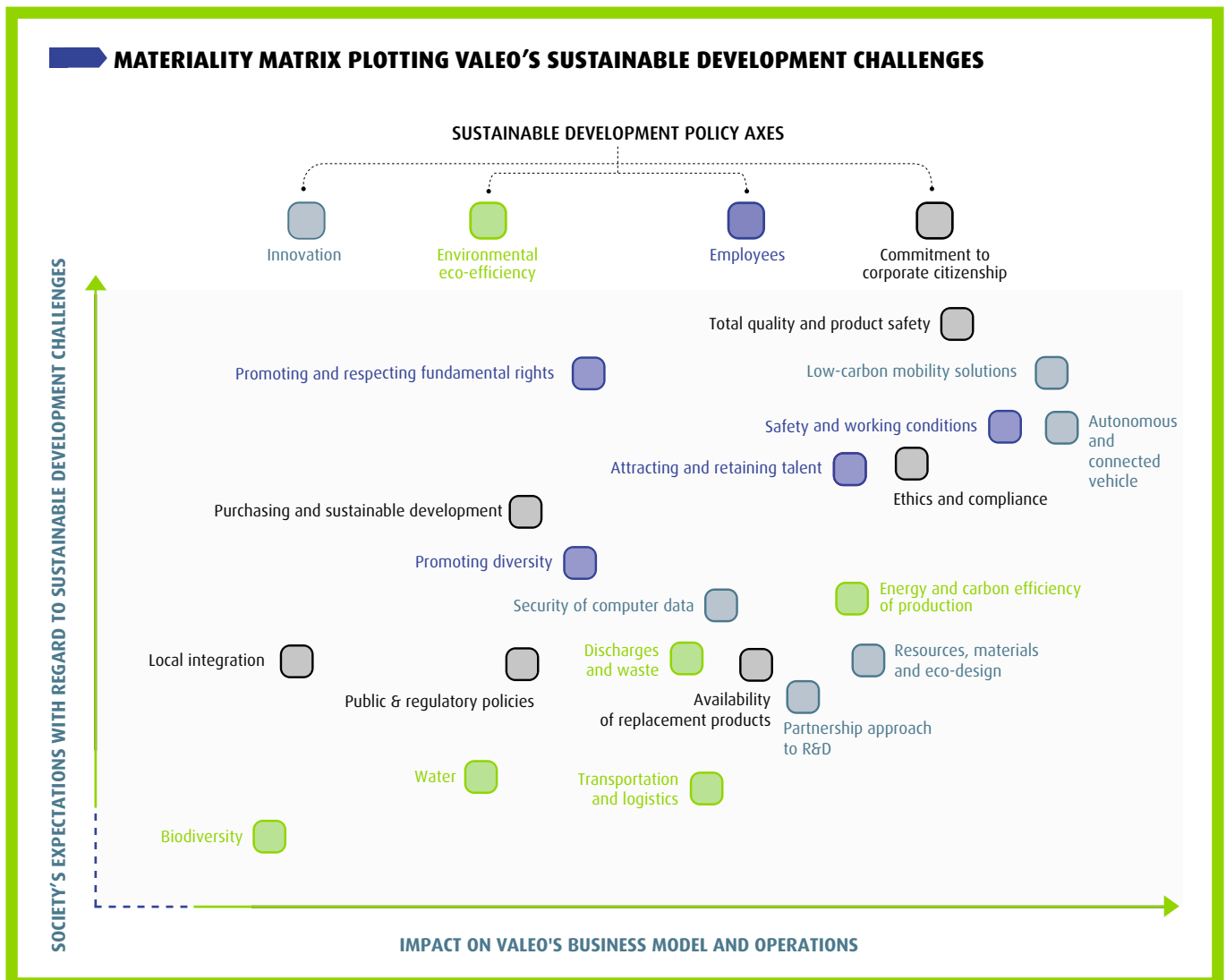
- give its Research and Development (R&D), environmental, labor-related and social data sharper focus on key issues of significance for the Group and its stakeholders;
- reinforce the relevance and quality of information put forward by the Group.

The materiality analysis aims to compare Valeo's internal sustainable development ambitions with its stakeholders' expectations.

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

In 2018, Valeo enhanced its sustainable development governance by conducting a non-financial risk analysis, in line with the French and European frameworks. The analysis brought to light seven main non-financial risks,

as follows: the risk of non-compliance with environmental standards and the loss of opportunities for technologies that contribute to reducing CO<sub>2</sub> emissions; the risk of accidental water or soil pollution; health and safety risk; the risk associated with attracting talent; the risk associated with employee development and retention; the risk of individual corruption; and the risk associated with suppliers' sustainable development practices. The Group presents a follow-up of the prevention and management of these risks and the corresponding action plans and key performance indicators (see Chapter 4 of this document). This study and the associated analysis were presented in early 2018 to the Group's Risks Committee, which validated the results.



## SUSTAINABLE DEVELOPMENT GOALS IN THE GROUP'S BUSINESS

The Group's sustainable development initiatives are designed to support the United Nations' Sustainable Development Goals (SDGs). In particular, the Group contributes to the following

seven goals: quality education (SDG 4), gender equality (SDG 5), decent work and economic growth (SDG 8), industry, innovation and infrastructure (SDG 9), sustainable cities and communities (SDG 11), climate action (SDG 13), and life on land (SDG 15).

### PERFORMANCE CHART SHOWING THE KEY OBJECTIVES AND PERFORMANCE INDICATORS OF THE GROUP'S SUSTAINABLE DEVELOPMENT POLICY

AXES	CHALLENGES	KEY INDICATORS	2015 RESULTS	2016 RESULTS	2017 RESULTS	2018 RESULTS	TARGETS (2020)	REGISTRATION DOCUMENT SECTION
INNOVATION	Low-carbon mobility solutions/ Autonomous and connected vehicle	Share of innovative products in order intake <sup>(1)</sup> (% of order intake)	37%	50%	50%	53%	>40%	5.11 Page 268
		Share of products contributing to the reduction of CO <sub>2</sub> emissions (as a % of sales)	N/A	50%	50%	50%	N/A	4.2.2 Page 185
ENVIRONMENTAL ECO-EFFICIENCY	Energy and carbon efficiency of production	Energy consumption as a proportion of sales (MWh/€m)	143	137 (-4% <sup>(2)</sup> )	134 (-6% <sup>(2)</sup> )	140 (-2% <sup>(2)</sup> )	132 (-8% <sup>(2)</sup> )	4.3.3 Page 213
		Direct (scope 1) and indirect (scope 2) emissions as a proportion of sales (tCO <sub>2</sub> /€m)	56.3	56.6 (+0.5% <sup>(2)</sup> )	55.6 (-1% <sup>(2)</sup> )	59.2 (+5% <sup>(2)</sup> )	51.8 (-8% <sup>(2)</sup> )	4.3.3 Page 214
		ISO 50001 energy management certification (% of sites)	8%	12%	13%	17%	20%	4.3.1 Page 205
	Discharges and waste	Production of hazardous and non-hazardous waste as a proportion of sales (t/€m)	16.4	17.0 (+4% <sup>(2)</sup> )	16.6 (+1% <sup>(2)</sup> )	16.2 (-1% <sup>(2)</sup> )	15.6 (-5% <sup>(2)</sup> )	4.3.2 Page 208
Water	Water consumption as a proportion of sales (cu.m/€m)	198	184 (-7% <sup>(2)</sup> )	175 (-12% <sup>(2)</sup> )	210 (+6% <sup>(2)</sup> )	186 (-6% <sup>(2)</sup> )	4.3.3 Page 210	
EMPLOYEES	Safety and working conditions	FR1: frequency rate of occupational accidents with lost time (accidents with lost time/million hours worked)	2.4	2.3	2.0	2.1	<2	4.4.2 Page 222
	Attracting and retaining talent	Voluntary turnover of Managers and Professionals (% of M&P workforce)	6.7%	7.0%	7.3%	8.5%	≤7%	4.4.2 Page 229
	Promoting and respecting fundamental rights	Share of employees who acknowledged receipt of the Code of Ethics and who were trained on its content (% of the total workforce)	N/A	95.0%	95.0%	99.0%	100%	4.4.3 Page 242
	Promoting diversity	Share of women in new hires during the year (% of hires during the year)	32.4%	31.2%	32.0%	33.0%	>35%	4.4.3 Page 231
COMMITMENT TO CORPORATE CITIZENSHIP	Purchasing and sustainable development	Share of production purchases for which the suppliers' sustainable development practices were assessed during the year (% of total purchases)	60%	63%	67%	77%	80%	4.5.2 Page 244
	Local integration	Organization of initiatives and events by the Valeo sites with educational and vocational training institutions (% of sites)	N/A	N/A	48%	61%	80%	4.5.2 Page 247

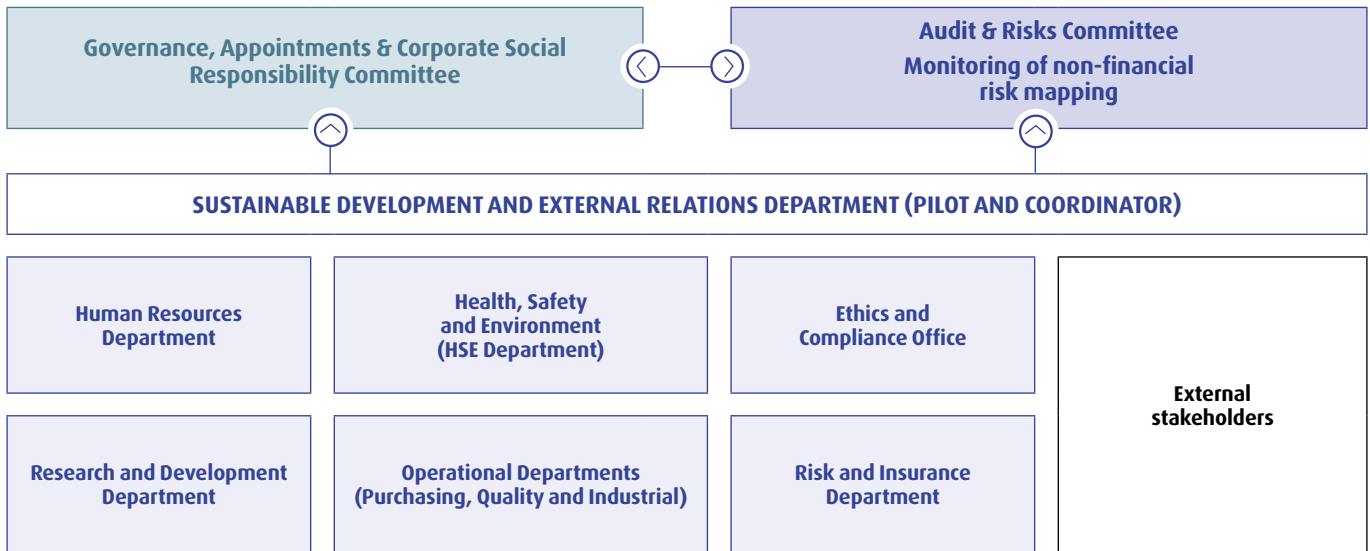
(1) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive, FTE automotive and Valeo-Kapec.

(2) Change compared with 2015.

**CORPORATE GOVERNANCE COMMITTED TO SUSTAINABLE DEVELOPMENT**



**BOARD OF DIRECTORS**



In 2010, the Group set up a sustainable development unit tasked with defining the Group’s sustainable development policy and coordinating its implementation. Outside the Group, its role is to ensure the consistency of the messages shared with external stakeholders.

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

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

- reviewing the thrusts relating to the Group’s corporate social responsibility policy;
- identifying corporate social responsibility objectives and challenges;
- verifying the achievement of previously defined objectives;

- overseeing the gradual and increasing implementation of the corporate social responsibility policy, and assessing the Group’s contribution to sustainable development;
- working with the Audit & Risks Committee, taking note of the risks related to corporate social responsibility challenges and staying informed about the resources available to the Group in pursuing its strategy.

**RECOGNITION OF VALEO’S COMMITMENT TO SUSTAINABLE DEVELOPMENT**

Our permanent commitment to results and transparency, a driving force of our sustainable development approach, has made Valeo one of the **best automotive suppliers in terms of non-financial performance**. The Group continues to rank among the leading players, according to the assessment developed by RobecoSAM, and features in the DJSI Europe and World indices. In the management of low-carbon transition risks, Valeo also featured in CDP’s 2018 A List of best performers. Of the 6,937 companies assessed this year, only 127 made it to that level.



Valeo also emerged as the leading member of the automotive industry in the Corporate Knights annual global ranking of the 100 most sustainable corporations, which is published every January at the Davos Forum in Switzerland.

Lastly, Valeo was awarded the CAC Large 60 Grand Prix in 2018, at the 9<sup>th</sup> annual Regulatory Information Transparency awards, thereby ranking it first among the 60 largest companies in the SBF 120 stock market index. The prize recognizes the importance placed by Valeo on the rigor, relevance, transparency and ease of access to regulatory financial and non-financial information aimed at investors, shareholders and analysts.





**FROM MEGATRENDS  
TO INNOVATION: PRODUCT  
ECO-DESIGN**

The Group’s research, development and innovation policy serves to make its strategic choices a reality. It draws primarily on:

- strategic industrial partnerships (research partnership with Safran), a range of acquisitions, and joint ventures, such as the one formed with Valeo Siemens eAutomotive;
- an open innovation strategy and the development of links with start-ups;
- collaborative research programs;
- multifaceted academic partnerships.

Since 2009, the Group has constantly focused its strategy **on the design, development and production of products contributing to the reduction of CO<sub>2</sub> emissions**, hinged on the following two pillars:

- innovation for the reduction of CO<sub>2</sub> emissions by products during their use phase;

- rollout of a product eco-design strategy geared towards reducing their carbon impact well beyond the simple use phase, representing 90% of total impacts.

The eco-design approach aims to:

- reduce CO<sub>2</sub> emissions;
- increase the recyclability of materials and systems;
- ensure that materials are safe.

This approach is based on internal standards, which guide the project teams in their life cycle analyses in the upstream research phase, and is backed up by a requirement for product quality and reliability right from their design phase.

On the operations side, with the dual aim of delivering solutions that reduce product weight and generating additional development potential, Valeo is gradually replacing metal with lighter materials, such as plastics, resins and carbon fiber. The Group has also enhanced the recyclability of its products by working on both their design and the materials used.

**VALEO, A PARTICIPANT IN THE REMANUFACTURING MARKET**

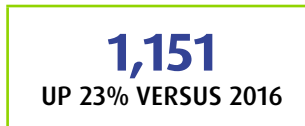
Through its remanufacturing activity, Valeo puts its original equipment parts design and manufacturing expertise at the service of the remanufacturing market, for which the Group has developed a high-quality, environmentally friendly range of affordable products. Valeo offers two ranges of parts – one new and one remanufactured. Remanufactured systems mainly include alternators and starters as well as clutches and air conditioning compressors.

To support this activity, a used parts collection system has been set up, enabling immediate recognition of product references. Once parts have been retrieved, Valeo disassembles, inspects and cleans them, and subjects them to electrical and electronic tests. It then initiates a remanufacturing process, which most importantly involves eliminating any traces of hazardous substances to guarantee personal protection.

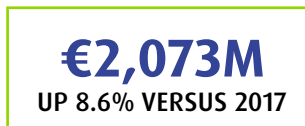
(1) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive, FTE automotive and Valeo-Kaptec.



EXPERTS



GROSS RESEARCH AND DEVELOPMENT EXPENDITURE



PATENTS FILED



% INNOVATIVE PRODUCTS<sup>(1)</sup> IN THE ORDER INTAKE



**FOR MORE INFORMATION**

See Chapter 4 of the 2018 Registration Document, section 4.2 “Research and Development at Valeo: from megatrends to innovation”, on pages 192 to 201.



ENERGY CONSUMPTION AS A PROPORTION OF SALES

**140 MWH/€M**  
DOWN 2%  
VERSUS 2015



INDUSTRIAL CARBON FOOTPRINT

**10.37 mt**  
OF DIRECT CO<sub>2</sub>  
EMISSIONS: ~3.5%



TOTAL CONSUMPTION OF PACKAGING MATERIALS AS A PROPORTION OF SALES

**5.7 t/€M**  
DOWN 24%  
VERSUS 2008



WATER CONSUMPTION

**210 cu.m/€M**  
DOWN 43%  
VERSUS 2008

**ENVIRONMENTAL ECO-EFFICIENCY: USING ENVIRONMENTALLY FRIENDLY MANUFACTURING PROCESSES TO REDUCE ITS ENVIRONMENTAL IMPACT**

For nearly 30 years, Valeo has demonstrated its commitment to limiting the impact of its activities on the environment. Its commitments have been made official in its Sustainable Development Charter:

- eliminate the use of substances that are hazardous to the environment or health;
- ensure the compliance of its activities with applicable laws and international agreements;
- deploy the ISO 14001 environmental management system at all sites<sup>(1)</sup>;
- improve the environmental performance of its processes;
- optimize the transportation of people and goods in order to reduce greenhouse gas emissions;
- limit the use of natural resources and promote the use of renewable resources and energy.

To prevent the risk of pollution across all sites, the Group has adopted **several operational environmental directives** setting rules for all sites. Moreover, each plant must ensure,

through regulatory monitoring, the **constant compliance of the procedures and substances** used with local environmental regulations.

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

In view of the importance of reducing energy consumption and emissions related to the production of GHGs<sup>(1)</sup>, Valeo has also set itself the goal of **reducing its direct and indirect GHG emissions** (scopes 1 and 2) as a proportion of sales by 8% between 2016 and 2020 and monitors energy consumption at its sites on a quarterly basis via the Valeo Environmental Indicators internal tool.

**FOR MORE INFORMATION**



See Chapter 4 of the 2018 Registration Document, section 4.3 "Environmental management and performance of Valeo sites", pages 202 to 218.

**GHG EMISSIONS (SCOPE 1, SCOPE 2 AND SCOPE 3)**

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

Total direct and indirect GHG emissions as a proportion of sales (tCO<sub>2</sub>eq./€m)

	2015	2016	2017	2018
Scope 1 DIRECT EMISSIONS	10.1	9.6	9.9	<b>9.9</b>
Scope 2 INDIRECT EMISSIONS	46.2*	46.9	45.6	<b>49.3</b>
Scope 3 OTHER INDIRECT EMISSIONS	426	482	493	<b>528</b>

In total, direct and indirect greenhouse gas emissions as a proportion of sales were up 5% compared with the 2015 baseline (56.3 tCO<sub>2</sub>eq./€m). While Valeo has been able to stabilize its direct GHG emissions (Scope 1) as a proportion of sales, the Group's growth in Asian countries is generating an increase in indirect emissions (Scope 2).

(1) See Sustainable Development Glossary, page 46.

\* The 2015 data have been updated using the new 2015 emission factors issued by the International Energy Agency in mid-2016.



**BRUNO GUILLEMET**

Senior Vice-President, Human Resources

“To take its equal pay policy further, the Group has decided to extend the gender equality index, set up by the French government,

to all of its countries. This index, based on the evaluation of five criteria<sup>(1)</sup>, will allow Valeo to measure and close the pay gap between women and men.”

**AN EMPLOYER THAT PROMOTES EMPLOYEE WELL-BEING**

Guaranteeing a work environment free of risk of accidents is the first way to improve the quality of working life of employees and to ensure their involvement in the Group’s activities. Valeo has therefore set itself the goal of more than halving the rate of lost-time accidents (FR1)<sup>(2)</sup> by 2020. To achieve this objective, Valeo, through its risk management manual, rolls out policies and directives on a range of topics (building and facility safety, employee health and safety, data security and the environment).

Attracting the best talent is a key challenge for Valeo in achieving its goals in a competitive environment that is undergoing profound transformation. Valeo’s recruitment policy is based on a strong employer brand, which enhances the Group’s visibility and its appeal for the talents of tomorrow. Managing relationships with schools and forging strong and special partnerships is a priority for the Group. The Group relies on its employees to support its growth and maintain relationships with its customers worldwide. To this end, Valeo is committed to recognizing and valuing talent,

while retaining talented employees thanks to an ambitious compensation, professional development, training and internal mobility policy. At Group level, as well as at the country and plant levels, the managers responsible for talent development, training, compensation and benefits work together to develop ambitious policies that meet employee demands and match the Group’s strategy.

Valeo believes that employee progress is inseparable from economic performance. As employee trust is essential to its business and development, the Group has undertaken to respect fundamental rights, and promotes open communication between employers and unions. The involvement of all employees through social dialog is a guarantee of success for all the policies undertaken by Valeo.

**FOR MORE INFORMATION**  
See Chapter 4 of the 2018 Registration Document, section 4.4 “Valeo and its employees”, pages 219 to 235.

**RESPECTING AND PROMOTING DIVERSITY**

In a competitive environment and diverse society, encouraging diversity among employees is a means of driving performance and attracting and retaining talent. A key element of its culture, Valeo works for diversity on four themes: gender equality, cohesion between the younger and older generations, a multicultural mindset and the inclusion of people with disabilities. Objectives in this area and the measures implemented to meet them are defined by a Diversity Committee, which was set up in 2012 at the initiative of General Management. It is chaired by the Group Senior Vice-President, Human Resources, who is assisted by the champions of each of the four diversity themes.

(1) 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.  
(2) Calculation of FR1: 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. Occupational diseases are included in this indicator as category 3 accidents. Occupational diseases will therefore not be addressed outside this indicator.  
(3) Severity rate calculation: number of calendar days lost during the year x 1,000/number of hours worked during the year.



SEVERITY RATE (SR1<sup>(3)</sup>) OF OCCUPATIONAL ACCIDENTS

**0.06**  
DOWN FOR THE PAST 4 YEARS



ATTRACTING TALENT

“GLOBAL TOP EMPLOYER” FOR THE **5<sup>th</sup>** YEAR IN A ROW



QUALITY OF LIFE AT WORK

**5,939** employees work from home, I.E., 19% OF MANAGERS AND PROFESSIONALS



DIVERSITY

**2,376** employees with disabilities +35% VS 2017



**SOCIAL FOOTPRINT:  
COMPLIANCE AND COMMITMENT  
TO LOCAL DEVELOPMENT**

Valeo’s social commitment covers three main areas: the fight against fraud and anti-competitive practices, the mobilization of the Group’s suppliers on sustainable development actions and a commitment to promote economic activity in the regions where the Group operates.

Due to the Group’s global presence and its growing number of employees, the Ethics and Compliance Office has introduced **a specific and comprehensive program to fight corruption and anti-competitive practices, and to promote compliance with economic sanctions and export controls** (the Compliance Program). In 2018, the Compliance Program was extended to cover the protection of personal data. Run by General Management and the Ethics and Compliance Office, endorsed by all management teams and relayed worldwide by 32 Compliance Champions, the Group’s compliance program meets the highest international standards, including France’s Sapin II<sup>(1)</sup> law. It breaks down into different policies, instructions, recommendations, tools and training modules.

Broad change in supplier chains, the emergence of new forms of indirect subcontracting and the desire to control risks of disruption to the supply chain by taking into account a wider

range of risk factors have prompted Valeo to formalize over recent years a demanding policy in terms of sustainable development. The Group’s aim is to include sustainable development performance as a criteria for the selection and regular assessment of its suppliers. The criteria for selecting suppliers and awarding contracts cover economic, financial risk, logistics, corporate governance, environmental and social factors (respect for fundamental rights, environmental protection, employee health and safety, and quality). Over 90% of the mandatory items in the supplier qualification questionnaire relate to non-economic criteria. For instance, **sustainable development criteria are given a weighting of 20% in the supplier’s final score**, and any failure to meet these criteria automatically disqualifies them from Valeo’s supplier panel.

The Group has also introduced a system for assessing its suppliers’ sustainable development practices. Each year, a significant portion of its production suppliers (representing 77% of its production purchases) are assessed on their practices, and a certain number are assessed via dedicated audits.



**FIGHT AGAINST  
CORRUPTION**

**32  
COMPLIANCE  
CHAMPIONS**



**GENERAL DATA  
PROTECTION REGULATION**

**3,500  
TARGET EMPLOYEES  
TRAINED**



**SHARE OF PRODUCTION  
PURCHASES FOR WHICH  
VALEO ASSESSES THE  
SUPPLIERS’ SUSTAINABLE  
DEVELOPMENT PRACTICES**

**77%  
OF SUPPLIERS**

**ACTION BY VALEO SITES WITH LOCAL COMMUNITIES**

Valeo’s sites contribute to the economic and social fabric of the regions where the Group operates. Its sites have multiple impacts. They are consumers, employers, local economic agents, and help to create and enhance the appeal of businesses through transfers of competences. Valeo has a policy of encouraging its sites to take responsibility and to support local initiatives around the world. To achieve this, the Group has set the following two guidelines:

- commit to building local ecosystems by forming partnerships with the world of education and local training and participating in the structuring and existence of local research ecosystems;

- promote plants’ initiatives in favor of and alongside local populations.

Each site organizes local plant initiatives that reflect locally identified needs and are consistent with their capacities. With the assistance of the site Human Resources Departments and site Research and Development managers, the site managers decide on actions that can be carried out to help the local population and employees. **For the third year running, all sites organized at least one corporate citizenship initiative.**

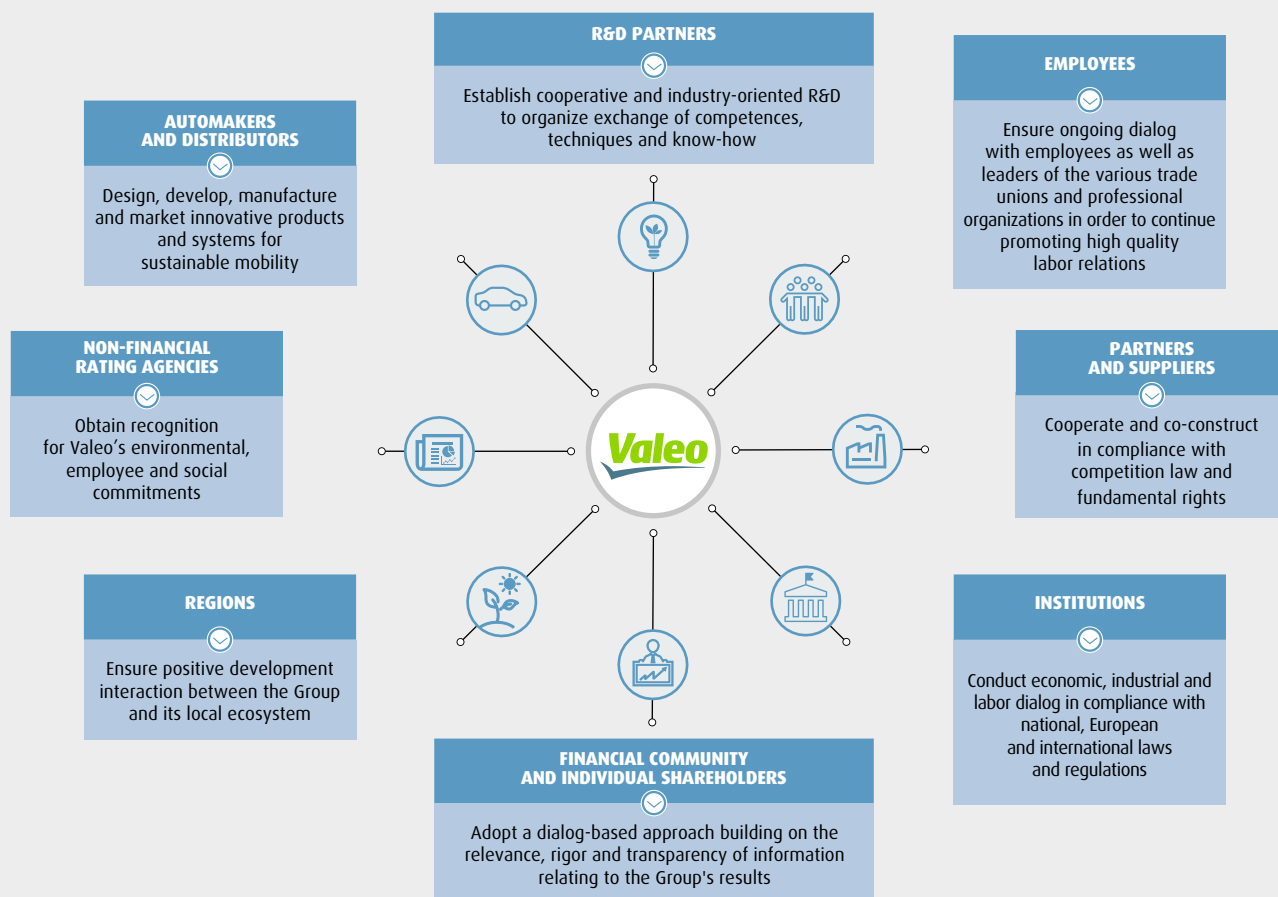
(1) Law No. 2016-1691 of December 9, 2016 on transparency, anti-corruption and economic modernization, known as the Sapin II law.

**FOR MORE INFORMATION**



See Chapter 4 of the 2018 Registration Document, “Sustainable Development”, section 4.5 “Valeo’s social footprint”, pages 236 to 249.





## Valeo and its stakeholders

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

### RESEARCH AND DEVELOPMENT PARTNERS

Over the past few years, Valeo has established cooperative and industry-oriented Research and Development, enabling it to organize exchanges of competences, techniques and know-how. The Group pursues a proactive strategy with regard to start-ups, through various channels, from simple cooperation to investments and acquisitions. This strategy is backed by Valeo's presence in the leading global innovation ecosystems and interests in venture capital funds.

### EMPLOYEES

Valeo is careful about maintaining ongoing dialog with its employees and with representatives from the various trade unions and other professional associations. In 2018, Valeo launched its global engagement and satisfaction survey of all employees, enabling each country to improve its performance in this area in 2019.

### PARTNERS AND SUPPLIERS

Together with its suppliers, the Group cooperates and co-constructs solutions in compliance with competition law and respect for fundamental rights. Since 2013, Valeo has regularly surveyed its suppliers to gain a better understanding of their sustainable development approach, based

on economic (plant optimization), environmental (certification) and labor-related (labor law) criteria.

### INSTITUTIONS

Keen to be involved in different consultation bodies in the automotive industry, Valeo actively participates in French, European and international working groups.

### FINANCIAL COMMUNITY AND INDIVIDUAL SHAREHOLDERS

The Group's Investor Relations Department closely and consistently interacts with the financial community. The department places great importance on holding meetings throughout the year with all shareholders, investors and financial analysts, whether at the Group's headquarters or at major global financial centers (Europe, North America and Asia) during roadshows or conferences. In all, the Investor Relations team met more than 1,600 institutional investors and analysts at these events during 2018, with the Group's Management present at a large number of these meetings.

### REGIONS

Valeo's sites contribute to the economic and social fabric of the regions where the Group operates. Its sites have multiple impacts: they are consumers, employers, spending centers, local economic

agents, and actors in the development of human capital, and contribute to creating and enhancing the appeal of businesses through transfers of competences.

### NON-FINANCIAL RATING AGENCIES

Valeo saw its non-financial performance acknowledged by various rating agencies in 2018, reflecting the successful cross-functional deployment of sustainable development and communication that respects the principles of transparency, rigor and relevance. The Group featured in CDP's<sup>(1)</sup> A List of best performers.

### AUTOMAKER CUSTOMERS AND DISTRIBUTORS

Committed to its customers, Valeo undertakes to design, develop, manufacture and market innovative products and systems for sustainable mobility. Customers continued to recognize the high standard of the Group's performance, particularly in the area of quality, awarding it 101 distinctions in 2018.

(1) See Sustainable Development Glossary, page 46.



# VALEO'S VALUE CREATION MODEL

## VALUE CREATION SHARED



Sales



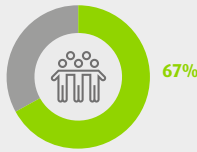
Purchasing and other costs



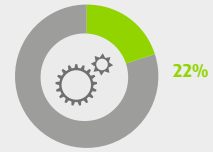
Value generated by Valeo<sup>(1)</sup>

=>

Employees<sup>(2)</sup>



Investments in the Group's future growth<sup>(3)</sup>



### Promoting innovation

**42,500** patents,  
of which **2,144** filed in 2018  
**60%** of order intake  
for innovative products<sup>(6)</sup>

### Attracting and retaining talent

Workforce **DOUBLED** in ten years  
**25h** of training  
per employee on average

### Taking quality to the highest level

**Order intake up 10%**  
per year over past ten years  
Customer return rate of **2.9 parts**  
per million products delivered

## A GROWTH STRATEGY SPANNING THE 3 TECHNOLOGICAL

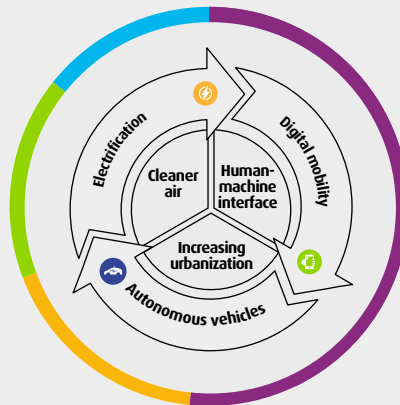
### Valeo's solutions to mobility challenges

#### THERMAL SYSTEMS

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

#### POWERTRAIN SYSTEMS

Develop innovative solutions that reduce CO<sub>2</sub> emissions and optimize energy performance



#### COMFORT & DRIVING ASSISTANCE SYSTEMS

Provide vehicles with eyes and ears for more intuitive and connected mobility

#### VISIBILITY SYSTEMS

Assist drivers and their passengers in all weather and in all their activities to enhance "the experience of traveling"

## TALENTED AND INNOVATIVE RESOURCES

### Innovation culture

**19,800** R&D employees working  
at **59** centers worldwide  
**€2bn** in gross R&D expenditure

### People, the key to excellence

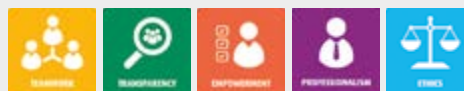
**113,600** employees,  
**139** nationalities  
Employee representative bodies  
for nearly **2/3** of sites

### High-performance plants

**186** plants  
in **33** countries  
**6 million** products  
delivered per day

## A CULTURE OF EXCELLENCE

### Valeo's culture is underpinned by five core values:



NB: Figures relate to the year ended December 31, 2018. The main indicators are defined in the Financial Glossary, page 46, and in the Sustainable Development Glossary, page 46.

(1) Net income for the year excluding share in net earnings of equity-accounted companies, personnel expenses and employee benefits, depreciation of property, plant and equipment and amortization of intangible assets, income taxes and levies included in operating items, and cost of net debt.

(2) Personnel expenses and benefits (of which pension costs and restructuring costs).

(3) 2018 retained earnings plus depreciation of property, plant and equipment and amortization of intangible assets.

(4) Income taxes and levies included in operating items.

(5) Shareholders and bondholders: dividend for 2018 proposed to the Shareholders' Meeting and cost of net debt.



## BY ALL STAKEHOLDERS

### States<sup>(4)</sup>



### Investors<sup>(5)</sup>



### Contributing to a cleaner world

€6m in environmental investments  
 17% of sites certified ISO 50001  
 91% of produced waste recovered

### Supporting local communities

Purchases close to consumption location  
 Higher education partnerships:  
 82% of sites

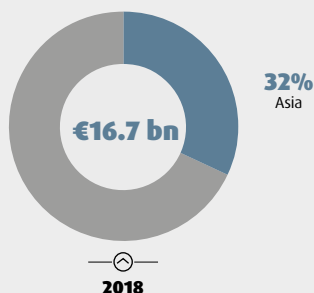
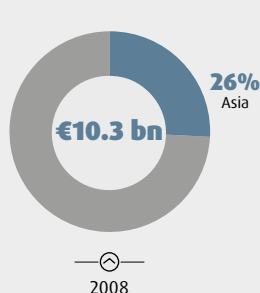
### Rewarding investors

Payout ratio of 54% or €1.25 per share<sup>(7)</sup>  
**B-, Prime, Industry Leader**, ranked no. 1 among automotive suppliers by Oekom

## REVOLUTIONS TAKING PLACE IN THE AUTOMOTIVE MARKET

### Original equipment sales

In billions of euros and as a %



**Geographic expansion in high-growth potential regions**

## SUPPORTED BY SOLID FUNDAMENTALS

### Environmental stewardship

92% of plants certified ISO 14001 and 91% certified OHSAS 18001  
 €21m in operating expenses related to the environment

### Social footprint

1,151 suppliers account for 95% of production purchases  
 Business Partner **Code of Conduct**

### Financial solidity

€19.3bn in sales  
 Operating margin at 6.3% of sales  
 €161m in free cash flow

## AND CONTINUOUS IMPROVEMENT



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

(6) Products and technologies in series production for less than three years, including Valeo Siemens eAutomotive.  
 (7) Dividends to be proposed at the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2018.



# GOVERNANCE

## Solid governance in support of strategy

The Group's growth model is based on a strong corporate governance structure, led by the **Board of Directors** (whose members are all considered independent, with the exception of the Chairman and Chief Executive Officer and the director representing employees), the Lead Director, the Board's committees, the Chairman and Chief Executive Officer, as well as the **Operations Committee** comprising the Chairman and Chief Executive Officer and the 14 Functional Directors and Operational Directors. Valeo's governance structure allows the Group to define and implement its strategy in line with sustainable development commitments, while adhering to the strictest principles of compliance and ethics. This structure helps the Group manage risks and identify opportunities to drive sustainable growth.





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

### COMPOSITION OF THE BOARD OF DIRECTORS AT DECEMBER 31, 2018

	Personal information			Experience			Position on the Board			
	Age	Gender	Nationality	Number of shares	Number of directorships held in listed companies <sup>(1)</sup>	Independence	First appointed	Expiration of term of office	Years' service on the Board	Membership of Board committees <sup>(9)</sup>
<b>Jacques Aschenbroich</b> Chairman and Chief Executive Officer	64	M		832,833	2	X	03/20/2009	2019 Shareholders' Meeting <sup>(2)</sup>	10 years	-
<b>Bruno Bézard</b>	55	M		1,500	0	✓	10/24/2017	2022 Shareholders' Meeting	2 years	-
<b>Éric Chauvirey</b> Director representing employees	44	M		N/A <sup>(4)</sup>	0	N/A <sup>(5)</sup>	06/30/2017	06/30/2021	2 years	CC
<b>Pascal Colombani</b>	73	M		1,800	2	✓	05/21/2007	2019 Shareholders' Meeting <sup>(6)</sup>	12 years <sup>(7)</sup>	GACSRC/CC/SC
<b>C. Maury Devine</b>	67	F		3,500	3	✓	04/23/2015	2021 Shareholders' Meeting	4 years	GACSRC/CC
<b>Michel de Fabiani</b>	73	M		1,500	0	✓	10/20/2009	2019 Shareholders' Meeting <sup>(8)</sup>	10 years	GACSRC/CC/ARC
<b>Mari-Noëlle Jégo-Laveissière</b>	50	F		1,500	1	✓	05/26/2016	2021 Shareholders' Meeting	3 years	ARC
<b>Noëlle Lenoir</b>	70	F		3,000	0	✓	06/03/2010	2022 Shareholders' Meeting	9 years	ARC
<b>Gilles Michel</b>	62	M		1,500	3	✓	05/23/2018	2022 Shareholders' Meeting	1 year	GACSRC/CC
<b>Thierry Moulouquet</b>	67	M		1,500	0	✓	06/08/2011	2020 Shareholders' Meeting	8 years	ARC (Chairman)/SC
<b>Georges Pauget</b> Lead Director	71	M		1,500	1	✓	04/10/2007	2020 Shareholders' Meeting	12 years <sup>(9)</sup>	GACSRC (Chairman)/CC (Chairman)/SC
<b>Ulrike Steinhorst</b>	67	F		1,500	2	✓	02/24/2011	2020 Shareholders' Meeting	8 years	GACSRC/CC/SC (Chair)
<b>Véronique Weill</b>	59	F		2,390	0	✓	05/26/2016	2021 Shareholders' Meeting	3 years	ARC/SC

#### NATIONALITIES

: French

: American

: German

N/A = Not applicable.

(1) Except for the directorship in the Company.

(2) At the Shareholders' Meeting on May 23, 2019, shareholders will be asked to approve the reappointment of Jacques Aschenbroich as a director. The Board of Directors has decided that, subject to Jacques Aschenbroich's reappointment as a director, it will reappoint him as Chairman and Chief Executive Officer at the meeting to be held immediately after the Shareholders' Meeting. During the first two years of his new term as Chairman and Chief Executive Officer, the offices of Chairman of the Board of Directors and Chief Executive Officer will be separated.

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

(4) In accordance with the law, the articles of association and the Internal Procedures, the director representing employees is not required to hold 1,500 shares.

(5) The director representing employees does not count, in accordance with the recommendation in Article 8.3 of the AFEP-MEDEF Code.

(6) Pascal Colombani does not intend to stand for reappointment at the Shareholders' Meeting on May 23, 2019.

(7) Pascal Colombani was first appointed as a director on May 21, 2007 and will therefore have served for 12 years on May 21, 2019.

(8) Michel de Fabiani does not intend to stand for re-appointment at the Shareholders' Meeting on May 23, 2019.

(9) Georges Pauget was first appointed as director on April 10, 2007 and will therefore have served for 12 years on April 10, 2019. For a description of the review of his independence after April 10, 2019, see paragraph "Director independence review upon preparation of the Corporate Governance Report" of the 2018 Registration Document, Chapter 3, section 3.2.1 "Composition of the Board of Directors", pages 106 to 108.

#### FOR MORE INFORMATION



See Chapter 3 of the 2018 Registration Document, "Corporate Governance", pages 103 to 176.



## **OPERATION OF THE BOARD OF DIRECTORS**

The principal role of the Board of Directors is to determine Valeo's business strategies and ensure that they are implemented effectively.

The Board of Directors, chaired by Jacques Aschenbroich, has set up **four committees** – the Audit & Risks Committee, the Compensation Committee, the Governance, Appointments & Corporate Social Responsibility Committee, and the Strategy Committee – to issue recommendations on key matters, improve its operating procedures and, ultimately, guarantee the Group's sustainable growth.

The Board of Directors' 13 members at December 31, 2018 have different backgrounds and enable the Group to benefit from their experience and skills in a variety of fields relating to economics, manufacturing and finance. Currently, 42%<sup>(1)</sup> of the Board's members are women and 69% are under 70 and, except for the director representing the employees, who is not included in the calculation, all of them except the Chairman and Chief Executive Officer are considered independent<sup>(2)</sup> according to the criteria set out in both the Internal Procedures and the AFEP-MEDEF Code to which Valeo refers. Georges Pauget, an independent director, is Lead Director and Chairman of the Compensation Committee and the Governance, Appointments & Corporate Social Responsibility Committee, and a member of the Strategy Committee.

A process is carried out every year to assess the Board of Directors, and its operating procedures, composition and organization. The Board decided to appoint an outside firm to conduct the 2018 assessment. The assessment was conducted by the specialized consulting firm between the end of 2018 and beginning of 2019 through individual interviews with all the directors based on an interview guide that was reviewed and approved by the Lead Director and the Secretary of the Board of Directors. The consulting firm noted that Valeo's governance had continued to improve and gain in strength since the previous assessment, thanks to a balanced governance structure, as a result of the role fully assumed by the Lead Director, the renewal of directorships, which was prepared and anticipated sufficiently in advance, and the transparency of management in its relations with the Board during Board

meetings, committee meetings and the strategy seminar. One of the main areas of satisfaction is the unified governance adapted to the Company's situation, characterized in particular by:

- an effective dynamic between the Chairman and Chief Executive Officer, who is transparent and attentive to the Board of Directors' work, and the Board of Directors, which is particularly involved and committed to contributing effectively to the Group's performance by providing quality information and engaging in active debate;
- the Board of Directors' full confidence in the Chairman and Chief Executive Officer. Under his chairmanship, the Board of Directors works in a spirit of cooperation and collegiality, and its members feel genuinely invested;
- a Lead Director who contributes effectively to the sound balance and operation of the Group's governance and exercises his duties with great care and attention. The Lead Director plays a key, stabilizing role in the Group's governance by liaising with the directors. He acts as an effective

sparring partner to the Chairman and Chief Executive Officer, coordinates the independent directors and ensures balanced governance for the markets.

Based on the results of the assessment, the directors drew up a list of certain particular items that should be addressed by the Board of Directors. The specialized consulting firm also assessed each director's individual contribution to the Board of Directors' work. The Lead Director then met with each director to discuss the outcome of the assessment.

As is the case every year, the annual strategy seminar, which was held in Prague, Czech Republic, was considered a key moment for the Board of Directors, in view of the quality of its organization and the issues covered. The seminar was an opportunity for the Board of Directors to have direct contact with the Group's management and operations over three days, enabling it to further grasp the Group's strategic challenges.







(1) In accordance with Article L.225-27-1, II of the French Commercial Code, this percentage does not include the director representing employees.

(2) For more information, see section "Independence of directors", page 109 to 111 of the 2018 Registration Document.

## ROLES OF THE BOARD OF DIRECTORS' FOUR COMMITTEES AT DECEMBER 31, 2018

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.

 <b>AUDIT &amp; RISKS COMMITTEE</b>	 <b>COMPENSATION COMMITTEE</b>	 <b>GOVERNANCE, APPOINTMENTS &amp; CORPORATE SOCIAL RESPONSIBILITY COMMITTEE</b>	 <b>STRATEGY COMMITTEE</b>
<p><b>5 independent members out of 5 6 meetings 93% attendance rate</b></p> <ul style="list-style-type: none"> <li>Ensure that accounting standards adopted to prepare the consolidated and parent company financial statements are relevant, consistent and properly applied</li> <li>Review the financial and accounting treatment of acquisitions or disposals in excess of 50 million euros</li> <li>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</li> <li>Ensure that the rules, principles and recommendations aimed at guaranteeing the independence of the Statutory Auditors are adhered to</li> <li>Supervise the procedure for selecting or renewing statutory audit engagements</li> <li>Seek regular updates on the Group's financial position and on the main thrusts of the Group's finance and tax policies</li> <li>Remain informed of the Group's insurance, IT system governance, IT security and cybersecurity policies as well as the organization of the finance teams and the succession plans for their members</li> <li>Review external financial communications prior to their publication</li> </ul>	<p><b>6 independent members out of 6 4 meetings 100% attendance rate</b></p> <ul style="list-style-type: none"> <li>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</li> <li>Make recommendations to the Board on the rules for allocating attendance fees and the individual amounts to be paid</li> <li>Recommend to the Board an aggregate amount of attendance fees to be proposed at the Shareholders' Meeting</li> <li>Give its opinion to the Board on general policy as well as stock option and free share or performance share plans set up by the Group's General Management</li> <li>Remain informed about the compensation policy for the main executive managers (excluding corporate officers) of the Company and of other Group companies</li> <li>Review any questions submitted to the committee by the Chairman about the above matters, as well as plans to issue shares exclusively for employees</li> </ul>	<p><b>6 independent members out of 6 5 meetings 100% attendance rate</b></p> <ul style="list-style-type: none"> <li>Analyze how the Board of Directors and its Committees operate</li> <li>Assess and update corporate governance rules</li> <li>Prepare the composition of the governing bodies, by making recommendations regarding the appointment of executive corporate officers, directors and committee members</li> <li>Draw up a succession plan for executive corporate officers and directors</li> <li>Examine the independence of each Board member</li> <li>Select candidates for the position of director</li> <li>Review CSR and safety policy, determine CSR objectives and challenges, and ensure that previously defined objectives are met</li> <li>Take note of the risks related to corporate social responsibility challenges and stay informed regarding the resources available to the Group in pursuing its strategy in this area</li> <li>As required, issue opinions and recommendations to help the Board make informed decisions</li> </ul>	<p><b>5 independent members out of 5 4 meetings 95% attendance rate</b></p> <ul style="list-style-type: none"> <li>Issue opinions and recommendations on the Group's key strategies, market trend information, research developments, competition benchmarking and the resulting medium- and long-term outlook for the business</li> <li>Issue opinions and recommendations on the analysis of the Group's development projects, particularly external growth transactions, investments or borrowings representing more than 50 million euros per transaction</li> </ul>

### FOR MORE INFORMATION

See Chapter 3 of the 2018 Registration Document, "Corporate Governance", pages 103 to 176.



# AN OPERATIONS COMMITTEE TO IMPLEMENT THE GROUP'S STRATEGY

## COMPOSITION OF THE OPERATIONS COMMITTEE AT DECEMBER 31, 2018



**Jacques Aschenbroich**  
Chairman and Chief Executive Officer



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



**Fabienne de Brébisson**  
Vice-President, Communications  
*since 2011*



**Robert Charvier**  
Chief Financial Officer  
*since 2010*



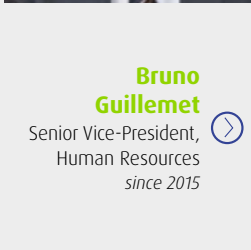
**Catherine Delhaye**  
Chief Ethics and Compliance Officer  
*since 2012*



**Éric Antoine Fredette**  
General Counsel  
*since 2015*



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



**Bruno Guillemet**  
Senior Vice-President, Human Resources  
*since 2015*



**Christophe Périllat**  
Chief Operating Officer  
*since 2011*



**Xavier Dupont**  
President, Powertrain Systems Business Group  
*since 2015*



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



**Francisco Moreno**  
President, Thermal Systems Business Group  
*since 2017*



**Maurizio Martinelli**  
President, Visibility Systems Business Group  
*since 2014*



**Éric Schuler**  
President, Valeo Service  
*since 2016*



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







## LE COMITÉ OPÉRATIONNEL COORDONNE LA GESTION DU GROUPE ET SA MISE EN ŒUVRE OPÉRATIONNELLE

Le Comité opérationnel de Valeo, sous l'autorité du Président-Directeur Général, est composé de 15 membres et se réunit une fois par mois. Son rôle est d'examiner la gestion opérationnelle, de coordonner la conduite des projets et de mettre en œuvre la stratégie du Groupe. Il s'assure de la réalisation des objectifs du

Groupe et de l'amélioration continue au travers de la méthodologie « 5 Axes ».

Le Comité opérationnel reflète l'organisation du Groupe structurée en réseaux fonctionnels et quatre Pôles opérationnels et l'Activité Valeo Service.

### EN SAVOIR PLUS



Cf. Chapitre 1 du Document de référence 2018, pages 47 à 80 et Chapitre 3, « Gouvernement d'entreprise », pages 103 à 176.

## UNE RÉMUNÉRATION ÉQUILBRÉE POUR SOUTENIR UNE CRÉATION DE VALEUR À COURT ET À LONG TERME

La politique de rémunération de Valeo associe les dirigeants aux performances et à la création de valeur à court et à long terme. Les critères de rémunération des dirigeants sont alignés sur les objectifs financiers du Groupe, et prennent

aussi en compte la performance extra-financière, notamment certains critères de responsabilité sociale d'entreprise en ce qui concerne le Président-Directeur Général.

### EN SAVOIR PLUS



cf. Chapitre 3 du Document de référence 2018, « Gouvernement d'entreprise », pages 103 à 176.

	FIXE	VARIABLE	ACTIONS DE PERFORMANCE	RETRAITE ADDITIONNELLE	JETONS
<b>BÉNÉFICIAIRES</b>	PDG/membres du Comité opérationnel				Mandataires sociaux hors PDG
<b>FORME DE PAIEMENT</b>	Versement	Versement	Actions	Versement	Versement
<b>TYPE DE PERFORMANCE</b>	Court terme	Court terme	Long terme	Long terme	Court terme
<b>PÉRIODE DE PERFORMANCE</b>	Continue	1 an	3 ans	Continue	Continue
<b>DÉCISION DES RÉMUNÉRATIONS</b>	<p><b>PDG :</b> Conseil d'administration sur recommandation du Comité des rémunérations <sup>(1)</sup></p> <p><b>Membres du Comité opérationnel :</b> PDG en liaison avec le Comité des rémunérations et le Conseil d'administration</p>	<p><b>PDG :</b> Conseil d'administration sur recommandation du Comité des rémunérations <sup>(1)</sup></p> <p><b>Membres du Comité opérationnel :</b> PDG en liaison avec le Comité des rémunérations et le Conseil d'administration</p>	Conseil d'administration sur recommandation du Comité des rémunérations <sup>(1)</sup>	Conseil d'administration sur recommandation du Comité des rémunérations, qui définit les critères d'accès au régime <sup>(1)</sup>	Conseil d'administration, dans le cadre de l'enveloppe votée par l'Assemblée générale <sup>(1)</sup>
<b>MESURE DE LA PERFORMANCE</b>	Non soumis à mesure de performance	<p><b>PDG <sup>(2)</sup> :</b></p> <ul style="list-style-type: none"> <li>5 critères financiers (taux de marge opérationnelle, taux de ROCE, <i>cash flow</i> libre, résultat net, prises de commandes <sup>(3)</sup>)</li> <li>Critères qualitatifs (vision stratégique, maîtrise des risques, responsabilité sociale de l'entreprise).</li> </ul> <p><b>Membres du Comité opérationnel :</b> critères financiers et extra-financiers</p>	<ul style="list-style-type: none"> <li>3 critères financiers <sup>(2)</sup> (taux de ROA, taux de marge opérationnelle, taux de ROCE <sup>(3)</sup>)</li> </ul>	<p><b>PDG <sup>(2)</sup> :</b> retraite additionnelle attribuée en fonction de la rémunération variable</p> <p><b>Membres Comité opérationnel :</b> retraite additionnelle non soumise à mesure de performance</p>	Présence

(1) Les éléments de rémunération du Président-Directeur Général font l'objet de votes *ex ante* et *ex post* des actionnaires.

(2) Critères applicables pour la rémunération 2018.

(3) Cf. Glossaire financier, page 46.



## COMPENSATION OF JACQUES ASCHENBROICH, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, IN 2018<sup>(1)</sup>

Fixed portion €1,000,000



Excluding benefits in kind and supplementary pension

### SHORT-TERM



Variable portion €530,000

(53% of fixed compensation versus max. 170%)

**5 quantitative criteria** (0% of fixed compensation versus max. 115%):

- Operating margin rate<sup>(2)</sup> (0% of fixed compensation versus max. 25%)
- Free cash flow<sup>(2)</sup> (0% of fixed compensation versus max. 25%)
- Net income<sup>(2)</sup> (0% of fixed compensation versus max. 20%)
- ROCE rate<sup>(2)</sup> (0% of fixed compensation versus max. 20%)
- Consolidated order intake<sup>(2)</sup> (0% of fixed compensation versus max. 25%)

**3 qualitative criteria** (53% of fixed compensation versus max. 55%):

- Strategic vision (20% of fixed compensation versus max. 20%)
- Risk management (15% of fixed compensation versus max. 15%)
- Corporate social responsibility (18% of fixed compensation versus max. 20%)

### LONG-TERM



Performance shares: 55,026 shares

(€2,599,979<sup>(3)</sup> i.e., 260% of fixed portion versus max. 270%)

**Performance conditions over 3 years:**

- ROA rate<sup>(2)</sup>, operating margin rate<sup>(2)</sup> and ROCE rate<sup>(2)</sup>: average over 3 years (2018-2020) of the ratio between the actual return achieved and the target return set by the Board of Directors at the beginning of each reference year, which must be at least equal to the guidance for the year under review, equal to or greater than one.

**3-year vesting period:**

- 3 criteria met: 100%, 2 criteria met: 60%, 1 criterion met: 30% and no criteria met: 0

**Mandatory 2-year holding period following the 3-year vesting period.**

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

### FOR MORE INFORMATION



See Chapter 3 of the 2018 Registration Document, "Corporate Governance", pages 103 to 176.

(1) Subject to *ex post* vote at the Shareholders' Meeting to be held on May 23, 2019.

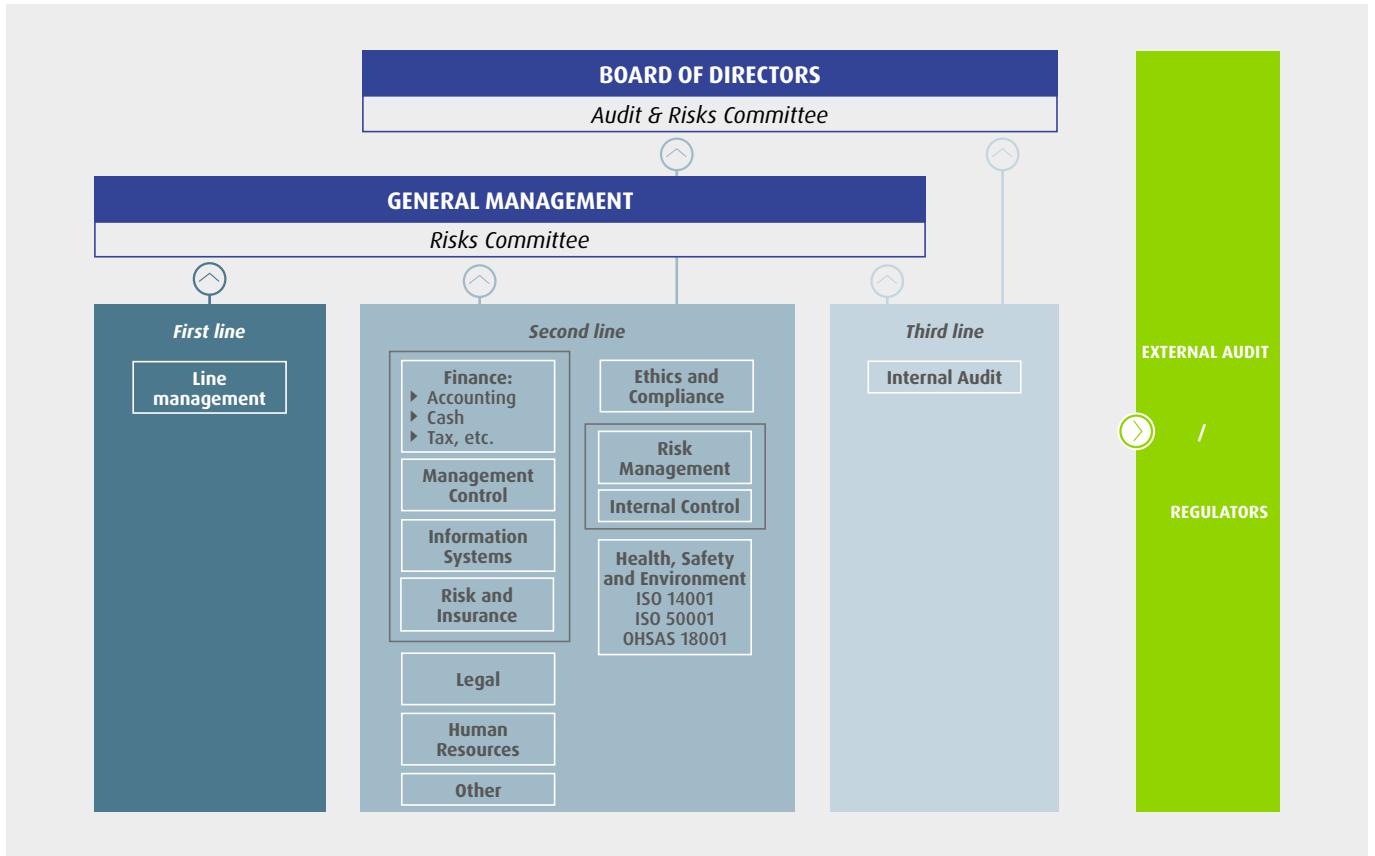
(2) See Financial Glossary, page 46.

(3) Performance shares measured in accordance with IFRS (unit value of 47.25 euros at the allotment date).

# RISK MANAGEMENT, A KEY PRIORITY FOR VALEO

## ORGANIZATIONAL STRUCTURE GEARED TOWARDS EFFECTIVE RISK MANAGEMENT

The Group's risk control system can be illustrated with the three lines of defense model.



## MAIN RISKS IDENTIFIED

The main risks identified by Valeo are rated using a matrix that takes into account their potential impact, likelihood of occurrence and associated level of control.

OPERATIONAL RISKS	LEGAL RISKS	FINANCIAL RISKS
<ul style="list-style-type: none"> <li>Risks related to changes in the technological environment <b>CSR</b></li> <li>Risks related to the development and launch of new products <b>CSR</b></li> <li>Industrial risks related to growth</li> <li>Risks related to attracting and retaining talent <b>CSR</b></li> <li>Cybersecurity and IT systems failure risk <b>CSR</b></li> <li>Supplier failure risk <b>CSR</b></li> <li>Risks associated with the automotive equipment industry</li> <li>Environmental or technological risks <b>CSR</b></li> <li>Geopolitical risks</li> <li>Customer credit risk</li> </ul>	<ul style="list-style-type: none"> <li>Risks related to products and services sold <b>CSR</b></li> <li>Intellectual property risks (patents and trademarks) <b>CSR</b></li> <li>Risks of non-compliance with the Code of Ethics or the law <b>CSR</b></li> </ul>	<ul style="list-style-type: none"> <li>Commodity risk</li> <li>Foreign currency risk</li> <li>Liquidity risk</li> <li>Interest rate risk</li> <li>Banking counterparty risk</li> <li>Equity risk</li> </ul>
Pages 82 to 89	Pages 90 to 93	Pages 93 to 94

**CSR** Non-financial risks (described in Chapter 4 "Sustainable Development" of the 2018 Registration Document, pages 177 to 266).



## 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 Partner Code of Conduct.

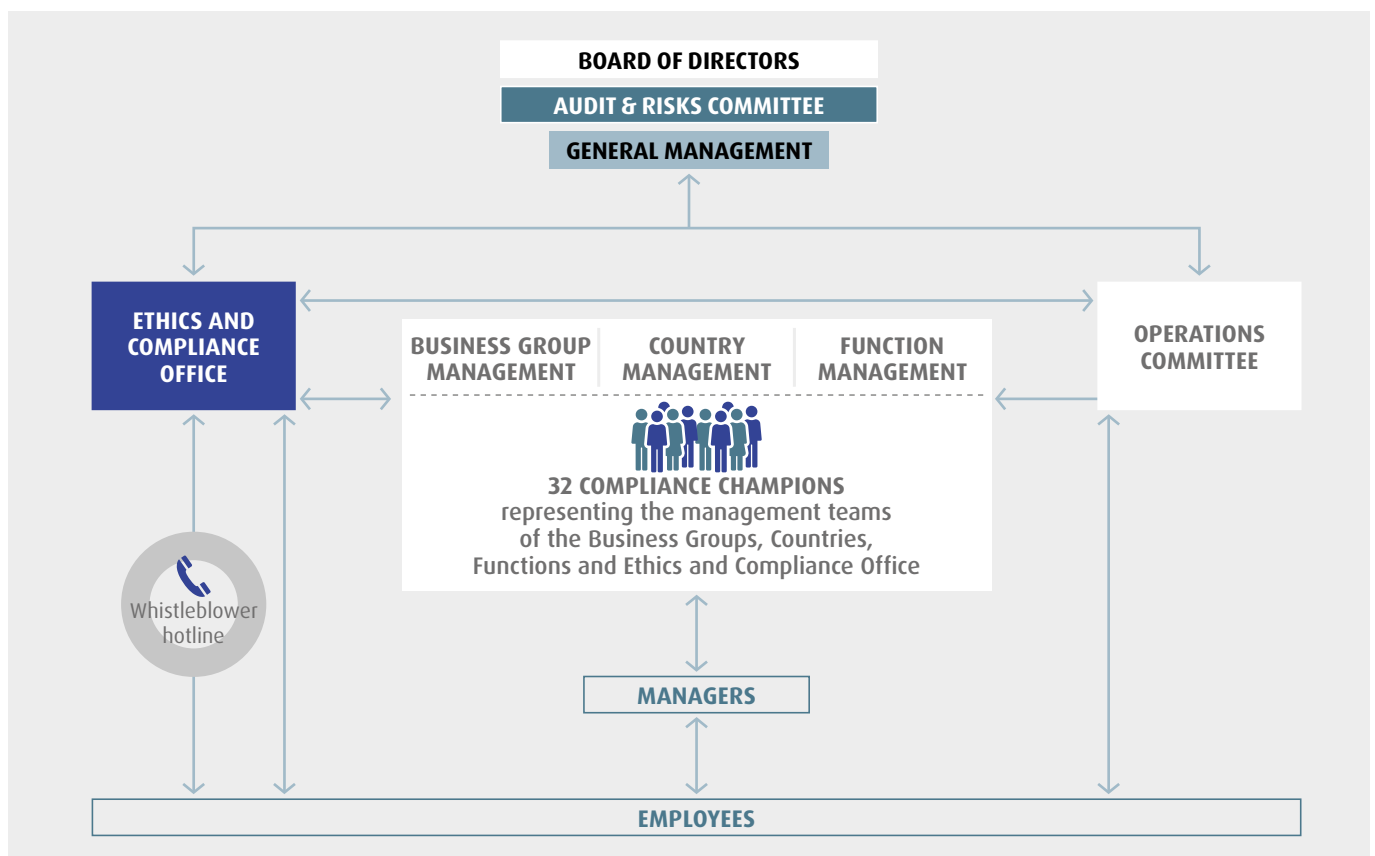
In this spirit, Valeo has since 2012 put together an extensive compliance program to prevent

a number of risks related to inappropriate behavior, such as anti-competitive practices, acts of corruption and risks of economic sanctions.

Subject to continual improvement, the program now integrates violations of fundamental rights, threats to the environment and personal health and safety, and the protection of personal data. It is run by the Ethics and Compliance Office

and is based on a comprehensive framework that comprises awareness-raising tools and a whistleblowing system aimed at prevention and continuous improvement.

### ETHICS AND COMPLIANCE, EVERYONE'S BUSINESS



- Created by **General Management**, the **Ethics and Compliance Office** is tasked with proposing, managing, and coordinating the global and local implementation of the Compliance Program, as decided by the Operations Committee, of which it is a member.
- Testimony to a strong commitment from the **Chairman and Chief Executive Officer**, the pursuit and deepening of initiatives to

strengthen compliance policy is a criterion for evaluating the allocation of his variable compensation.

- The **Audit & Risks Committee** ensures, on behalf of the **Board of Directors**, that Valeo follows a full program that enables it to comply with the legislation and regulations applicable to the Group's activities.
- The **Operations Committee** is responsible for determining the focuses and priorities

of the Compliance Program, allocating the funds and resources necessary and ensuring that its implementation is supervised and verified.

- The **32 Compliance Champions** promote the Group's ethics and compliance policy and rules in cooperation with the management team in the Business Group, country and function to which they belong, as well as with the Ethics and Compliance Office.



## A COMPREHENSIVE FRAMEWORK

### Valeo's commitments

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

**99%** of employees that joined the Group in 2018 signed a declaration acknowledging receipt of a copy of the Code of Ethics



#### CATHERINE DELHAYE, Chief Ethics and Compliance Officer

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

## A PREVENTIVE APPROACH

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

**98.4%** of newcomers completed the anti-corruption training module

**e-learning** on personal data protection provided to the relevant 3,500 employees

### Whistleblowing system improved in 2018

In addition to the various opportunities offered by Valeo since 2014 to report behaviors or practices that appear to be unlawful, its Code of Ethics, its Business Partner Code of Conduct and/or its compliance policies and procedures, **Valeo has now expanded and extended its whistleblowing system.**

It allows **internal and external** whistleblowers to report:

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

## A CONTINUOUS IMPROVEMENT APPROACH

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

### FOR MORE INFORMATION



Chapter 2 of the 2018 Registration Document, “Risks and Risk Management”, pages 81 to 103.





**FINANCIAL GLOSSARY**

EBITDA	Corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in the operating margin) and the impact of government subsidies and grants on non-current assets, and (ii) net dividends from equity-accounted companies.
Free cash flow	Net cash from operating activities (excluding the change in non-recurring sales of receivables) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.
Like for like (or LFL)	The currency impact is calculated by multiplying sales for the current period by the exchange rate for the previous period. The Group structure impact is calculated by (i) eliminating, for the current period, sales of companies acquired during the period, and (ii) adding to the previous period full-year sales of companies acquired in the previous period, and (iii) eliminating, for the current period and for the comparable period, sales of companies sold during the current or comparable period.
Net attributable income excluding non-recurring items	Net attributable income adjusted for “other income and expenses” net of tax and non-recurring income and expenses net of tax shown in operating margin including share in net earnings of equity-accounted companies.
Net cash flow	Free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments and to changes in certain items shown in non-current financial assets, (ii) cash flows in respect of financing activities relating to dividends paid, treasury share purchases and sales, interest paid and received, and acquisitions of equity interests without a change in control, and (iii) changes in non-recurring sales of receivables.
Net debt	Comprises all long-term debt, liabilities associated with put options granted to holders of non-controlling interests, short-term debt and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents and the fair value of derivative instruments hedging the foreign currency and interest rate risks associated with these items.
Operating margin including share in net earnings of equity-accounted companies	Operating income before other income and expenses.
Order intake	Corresponds to business awarded by automakers during the period (including joint ventures accounted for based on Valeo’s share in net equity) less any cancellations, based on Valeo’s best reasonable estimates in terms of volumes, selling prices and project lifespans.
ROA	ROA, or return on assets, corresponds to operating income divided by capital employed (including investments in equity-accounted companies) including goodwill.
ROCE	ROCE, or return on capital employed, corresponds to operating margin (including share in net earnings of equity-accounted companies) divided by capital employed (including investments in equity-accounted companies) excluding goodwill.

**SUSTAINABLE DEVELOPMENT GLOSSARY**

CDP	Carbon Disclosure Project: an independent, non-profit organization working to drive greenhouse gas emissions reductions for companies and cities by collecting environmental data and analyzing their carbon emissions policy. <a href="http://www.cdproject.net">www.cdproject.net</a>
GHG	Greenhouse gas: gases which absorb infrared rays emitted by the Earth’s surface, contributing to the greenhouse effect.
ISO 14001	International standard on environmental management systems.
ISO 50001	International standard on energy management systems.
Oekom-Research	Non-financial rating agency. <a href="http://www.oekom-research.com">www.oekom-research.com</a>
OHSAS 18001	International standard on occupational health and safety management systems.
Open Innovation	Open Innovation is a concept that involves promoting innovation by deriving the maximum possible benefit from the ecosystem surrounding the company, primarily through collaboration between various players (governmental organizations, private companies, academic and research companies, innovative start-ups, etc.).
SAE International	Society of Automotive Engineers International: a US-based association. Similarly to the VDA, this organization has defined six levels of driving automation, from 0 (no automation, the driver must control everything) to 5 (full automation, no driver input required). Levels 3 and 4 correspond respectively to “conditional automation” and “high automation”.

## **SAFE HARBOR STATEMENT**

Statements contained in this document, which are not historical fact, constitute “forward-looking statements”. These statements include projections and estimates and their underlying assumptions, statements regarding projects, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance. Even though Valeo’s Management feels that the forward-looking statements are reasonable as at the date of this document, investors are put on notice that the forward-looking statements are subject to numerous factors, risks and uncertainties that are difficult to predict and generally beyond Valeo’s control, which could cause actual results and events to differ materially from those expressed or projected in the forward-looking statements. Such factors include, among others, the Company’s ability to generate cost savings or manufacturing efficiencies to offset or exceed contractually or competitively required price reductions. The risks and uncertainties to which Valeo is exposed mainly comprise the risks resulting from the investigations currently being carried out by the antitrust authorities as identified in the Registration Document, risks which relate to being a supplier in the automotive industry and to the development of new products and risks due to certain global and regional economic conditions. Also included are environmental and industrial risks as well as risks and uncertainties described or identified in the public documents submitted by Valeo to the French financial markets authority (*Autorité des marchés financiers* – AMF), including those set out in the “Risk factors” section of the 2018 Registration Document registered with the AMF on March 29, 2019 (under number D.19-0224). The Company assumes no responsibility for any analyses issued by analysts and any other information prepared by third parties which may be used in this document. Valeo does not intend or assume any obligation to review or to confirm the estimates of analysts or to update any forward-looking statements to reflect events or circumstances which occur subsequent to the date of this document.

Design and production: **côtécorp.**

Tel.: +33 (0)1 55 32 29 74

Photo credits: © Mario Fourmy, Tim Robberts, Beboy – Fotolia, Thinkstock by Getty Images, Valeo – All rights reserved



## **Valeo**

Joint-stock company (*société anonyme*)  
with capital of 240,253,100 euros  
552 030 967 RCS Paris  
43, rue Bayen - 75848 Paris Cedex 17 - France  
Tel.: +33 (0)1 40 55 20 20  
[www.valeo.com](http://www.valeo.com)

### **Institutional investor relations**

**Thierry Lacorre**  
Investor Relations Director

**To arrange a meeting, please contact:**  
[valeo.corporateaccess.mailbox@valeo.com](mailto:valeo.corporateaccess.mailbox@valeo.com)

### **Individual shareholder relations**

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



Scan for more information  
on Valeo investor relations

SMART TECHNOLOGY FOR SMARTER CARS

