



## Allotment of performance shares

Further to the Compensation Committee's recommendation and pursuant to the nineteenth resolution of the General Shareholders' Meeting of May 23, 2019 in force for a 26-month period as from this General Shareholders' Meeting, the Board of Directors, at its meeting on March 24, 2020, decided to allot 2,342,306 free shares and performance shares to employees and corporate officers of the Group, including 130,000 performance shares for the Chairman and Chief Executive Officer.

The terms and conditions for the allotment of performance shares comply with the 2020 compensation policy of the Chairman and Chief Executive Officer (the **2020 Compensation Policy of the Chairman and Chief Executive Officer**) which will be submitted to the General Shareholders' Meeting of June 25, 2020 for approval. The terms and conditions for the allotment of performance shares are similar to those set in the 2019 Compensation Policy approved at a rate of 91.92 % by the General Shareholders' Meeting of May 23, 2019 under its tenth resolution. If the General Shareholders' Meeting does not approve 2020 Compensation Policy of the Chairman and Chief Executive Officer, the Board of Directors will be able to cancel the allotment to the Chairman and Chief Executive Officer or amend its conditions to comply with the conditions of the policy approved by the General Shareholders' Meeting of May 23, 2019.

Due to the extreme volatility of the automobile market and the Covid-19 epidemic which affected Valeo's share price, in accordance with the approach retained exceptionally last year in similar market circumstances, and to take into account the significant fall in the share price, the number of performance shares allotted to the Chairman and Chief Executive Officer (IFRS valuation) was calculated with a discount of 39% as compared to the maximum permitted under the compensation policy (270% of the annual fixed compensation). This discount corresponds to the ratio between the share price for the last 20 days and the share price over the last 18 months prior to the allotment of performance shares. Based on the share price on the date of the Board of Director's meeting (average of 20 days, IFRS valuation), this corresponds to 130,000 shares, valued under IFRS at 1,821,300 euros, i.e. 61% as compared to the maximum permitted under the compensation policy. This allotment is made subject to the approval of the 2020 Compensation Policy of the Chairman and Chief Executive Officer by the shareholders at the General Shareholders' meeting of June 25, 2020<sup>1</sup>.

The table below summarizes the criteria and methods used to assess the performance shares selected as part of the 2020 Compensation Policy of the Chairman and Chief Executive Officer:

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<sup>1</sup> In the case where the functions of Chairman and Chief Executive Officer are separated and Jacques Aschenbroich remains Chairman of the Board of Directors until the end of the vesting period for these 130,000 performance shares, the presence condition will be deemed satisfied. However, at Jacques Aschenbroich's proposal, approved by the Board of Directors, the number of performance shares that will be allotted to him definitively will be adjusted downwards to take into account the actual time he will have held the combined office of Chairman and Chief Executive Officer.



Criterion	Weight / Assessment
<b>Internal performance criterion: ROA rate<sup>(*)</sup> (40%)</b>	<p>Performance measured by two criteria (operating margin rate and ROA rate) for each of the three financial years (Y, Y+1, and Y+2) of the vesting period. The criterion will be satisfied if, for each financial year covered under the grant, the rate effectively achieved for each criterion is greater than or equal to the target rate established by the Board of Directors, it being understood that (i) the target rate cannot be lower than the guidance for the financial year of reference, (ii) the selected criterion cannot be changed by the Board of Directors at a later date and (iii) the target rates cannot be changed by the Board of Directors at a later date, except by a duly justified decision in the context of exceptional circumstances beyond the beneficiaries' control.</p> <ul style="list-style-type: none"> <li>• If, for each financial year covered by the scheme, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those three financial years: 100%.</li> <li>• If, for only two of the financial years covered by the scheme, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for each of those two financial years: 50%.</li> <li>• If, for only one of the financial years covered by the scheme, the rate of achievement of the corresponding criterion is greater than or equal to the target rate for that financial year: 20%.</li> <li>• If the target rate for the corresponding criterion is not satisfied for any of the financial years covered by the scheme: 0%.</li> </ul>
<b>Internal performance criterion: operating margin rate<sup>(*)</sup> (40%)</b>	
<b>External performance criterion: TSR (20%)</b>	<p>TSR recorded over a period of three years from January 1 of the allotment year to December 31 of the year prior to delivery.</p> <ul style="list-style-type: none"> <li>• If Valeo's TSR recorded over the reference period is greater than the CAC 40 index's TSR recorded over the reference period: 10% (0% if equal or lower).</li> <li>• If Valeo's TSR recorded over the reference period is greater than the median of the TSRs of the companies of a European car makers Panel over the reference period: 10% (0% if equal or lower).</li> </ul>
<p>(*) For 2020, the guidance is 10% for the ROA rate (taking into account share in net earnings of equity-accounted companies) and for the operating margin rate (excluding share in net earnings of equity-accounted companies), the guidance is 6%. It should be noted that the Group's guidance excludes the impact of the Covid-19 epidemic, whose impact on the Group cannot be predicted on the date of this announcement. The Board of Directors may take this possible impact into account.</p>	

It should also be noted that, due to the challenging performance criteria, none of the performance shares allotted to Jacques Aschenbroich under the 2016 and 2017 performance share plans definitively vested.