

## **PRESENTATION OF THE PROPOSED RESOLUTIONS**

### **Report of the Board of Directors**

This report describes the proposed resolutions that are being submitted to the General Shareholders' Meeting by the Board of Directors. Its purpose is to draw your attention to the important points in the proposed resolutions, in accordance with applicable laws and regulations and with best corporate governance practices for companies listed in Paris. It is not intended as an exhaustive guide; therefore it is essential that you read the proposed resolutions carefully before exercising your vote.

The presentation of the financial situation, business and performance of Valeo and its Group over the past financial year, as well as information required by applicable legal and regulatory provisions, also appear in the 2021 Universal Registration Document (including the annual financial report) which you are invited to read.

Madam, Sir, dear Shareholders,

We have convened this combined (ordinary and extraordinary) General Shareholders' Meeting of Valeo SE (the "**Company**" or "**Valeo**") to submit for your approval 19 resolutions described in this report.

I. **Resolutions within the Ordinary General Shareholders' Meeting authority**

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**A. Approval of financial statements and allocation of earnings (first, second and third resolutions)**

The General Shareholders' Meeting is first convened to approve the parent company financial statements (*first resolution*) and the consolidated financial statements of the Company (*second resolution*) for the financial year ended December 31, 2021, to allocate the earnings and to set the dividend (*third resolution*).

The parent company financial statements for the financial year ended December 31, 2021 show a net profit of EUR 148,358,200.34. The distributable profit of the Company (net profit of the financial year ended December 31, 2021 and previous retained earnings of EUR 1,810,787,329.36) for the financial year ended December 31, 2021 amounts to EUR 1,959,145,529.70.

The Board of Directors of the Company proposes to pay a dividend of EUR 0.35 per share for each share entitled to dividends.

Following the decision to pay a dividend of EUR 0.35 per share for each share entitled to dividends, i.e. EUR 84,604,157.75<sup>1</sup>, the balance of the distributable profit recorded in the "retained earnings" account amounts to EUR 1,874,541,371.95. The ex-dividend date will be May 27, 2022, the record date will be May 30, 2022 and the payment date will be May 31, 2022.

It is recalled that the amount of dividends distributed for the three previous financial years is as follows:

- financial year 2020: EUR 72.2 million;
- financial year 2019: EUR 47.9 million;
- financial year 2018: EUR 297.4 million.

The aforementioned amounts were eligible for the 40% tax deduction for individuals having their tax residence in France, pursuant to Article 158, 3-2° of the French General Tax Code.

When paid to individuals shareholders who are tax residents in France, the gross dividend is either subject to a unique flat tax at an overall rate of 30% including (i) the income tax at a flat rate of 12.8% (Article 200 A, 1-1° of the French General Tax Code) and (ii) social security contributions (including the CSG, the CRDS, the social security contribution, the additional contribution to the social security contribution and the solidarity contribution) at a rate of 17.2%. Individual shareholders who are tax residents in France may, however, opt for this dividend to be taxed at a progressive rate upon filing the income tax return before the deadline for filing such income tax return (Article 200 A, 2 of the French General Tax Code).

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<sup>1</sup> The total amount of the distribution referred to above is calculated based on the number of shares entitled to dividends as at December 31, 2021, i.e. 241,726,165 shares, and may vary if the number of shares entitled to dividends changes between January 1, 2022 and the ex-dividend date, depending in particular on the number of treasury shares, as well as the final allotment of free shares (if the beneficiary is entitled to a dividend in accordance with the provisions of the relevant plans).

**B. Approval of related-party agreements (fourth resolution)**

Certain agreements entered into by the Company in connection with its activities are subject to a specific procedure. This includes, in particular, agreements that may be directly or indirectly entered into between the Company and any other company with which it has corporate officers in common, or between the Company and its corporate officers or a shareholder holding more than 10% of the voting rights of the Company.

Pursuant to the provisions of Articles L. 225-38 *et seq.* of the French Commercial Code, any “related party” agreement is subject to the prior approval of the Board of Directors and, once entered into, give rise to the issue of a special report by the Statutory Auditors, following which it must be approved by the Ordinary General Shareholders' Meeting.

Finally, in accordance with Article L. 22-10-13 of the French Commercial Code, information on the agreements referred to in Article L. 225-38 of the French Commercial Code must be provided on the Company's website at the latest when they are entered into.

You are therefore asked in the fourth resolution to acknowledge the absence of (i) any agreement previously authorised by the Board of Directors and approved by the General Shareholders' Meeting which continued over the course of the past financial year and (ii) any new agreement authorised and entered into over the course of the financial year ended December 31, 2021 that have yet to be approved by the General Shareholders' Meeting.

**C. Renewals of members of the Board of Directors (fifth, sixth and seventh resolutions)**

As of the date of this report, the Board of Directors is composed of 14 members, including two directors representing employees in accordance with the provisions of applicable law.

The term of office of the directors, set out in the Company's articles of association, is four years.

The terms of office of three independent directors, Bruno Bézard, Bpifrance Participations represented by Stéphanie Frachet and Gilles Michel, expire at the end of this General Shareholders' Meeting.

It is recalled that (i) Bruno Bézard is a member of the Audit and Risks Committee, (ii) Bpifrance Participations (represented by Stéphanie Frachet) is a member of the Governance, Appointments and Corporate Social Responsibility Committee (the “GACSRC”), of the Compensation Committee and of the Strategy Committee and (iii) Gilles Michel is Chairman of the Compensation Committee and of the GACSRC and a member of the Strategy Committee. Gilles Michel was also Lead Director from October 24, 2019, until January 26, 2022, the date on which the roles of Chairman of the Board of Directors and Chief Executive Officer were separated and consequently the Lead Director's duties ended pursuant to the Internal Procedures of the Board of Directors.

Further to the recommendation of the GACSRC, the Board of Directors proposes that the General Shareholders' Meeting renew the terms of office of Bruno Bézard (*fifth resolution*), of Bpifrance Participations (*sixth resolution*) and of Gilles Michel (*seventh resolution*) as directors for a new period of four years which will expire at the end of the General Shareholders' Meeting called to approve the financial statements for the financial year ending on December 31, 2025.

Bruno Bézard, Bpifrance Participations and Gilles Michel are considered to be independent directors with respect to the criteria provided by the Board of Directors' Internal Procedures and by the AFEP-MEDEF Code to which the Company refers. A more detailed analysis of the independence of Bruno Bézard, Bpifrance Participations represented by Stéphanie Frachet and Gilles Michel is set out in Section 3.2.1 of the Company's 2021 Universal Registration Document.

The renewal of Bruno Bézard, Bpifrance Participations and Gilles Michel as directors would allow the Board of Directors to continue to benefit from their respective expertise as described in their biographies.

### Biography of Bruno Bézard

Bruno Bézard, a French national, has been a Company director since October 24, 2017, and is a member of the Audit and Risks Committee.

Bruno Bézard has experience in the most prestigious roles in the French civil service, spanning the economic, industrial and financial spheres, as well as in the private equity world. In addition, over the past few years he has gained in-depth knowledge of China, where he lived for several years and spends a substantial amount of time in his current position. He also speaks the language.

Bruno Bézard is Managing Partner of Cathay Capital Private Equity's investment fund. He is also a director of Matmut's insurance company.

He was Head of the French Public Finance Administration. He created, and then headed, the French State Shareholding Agency (APE), representing the State as a shareholder on a large number of company boards and acquiring vast experience in corporate governance as well as in mergers and acquisitions.

He has notably held a seat on the boards of EDF, SNCF, Areva, La Poste, Thales, Air France, Engie, PSA and *Fonds Stratégique d'Investissement* (FSI).

Bruno Bézard is a graduate of the *École polytechnique* and the *École nationale d'administration* (ENA), and has taught at both schools for a number of years.

### Biography of Stéphanie Frchet. Permanent Representative of Bpifrance Participations

As of the date of this report, Bpifrance Participations holds 12,600,000 shares (5.19% of the share capital) of the Company and is one of the Company's largest shareholders. Bpifrance Participations, of which Stéphanie Frchet is the permanent representative, has also been a Company director since June 21, 2019, and a member of the GACSRC, the Compensation Committee and the Strategy Committee.

Stéphanie Frchet, a French national, has been a manager of Bpifrance Investissement and a member of the Management Committee of Bpifrance Capital Développement since 2017. She joined Bpifrance in 2009 and has over 20 years' experience in finance and investment capital.

Stéphanie Frchet is also the permanent representative of Bpifrance Participations on the Board of Directors of Eutelsat Communications, permanent representative of Bpifrance Investissement on the Board of Directors of Sulo, director of Constellium (listed on the New York Stock Exchange) and a member of the Supervisory Board of Sabena Technics Participations. She is also a Board Observer of Paprec and Diot-Siaci.

Stéphanie Frchet worked in audit at Ernst & Young and then in Transaction Services at PricewaterhouseCoopers, handling M&A and LBO transactions. She was previously an independent director of Eurosic, permanent representative of Bpifrance Participations on the Board of Directors of FIDEC, Board Observer of Horizon Parent Holdings (Verallia) and Financière Carso, as well as permanent representative of Bpifrance Investissement on the Board of Directors of Sarenza.

Stéphanie Frchet is a graduate of ESSEC Business School.

### Biography of Gilles Michel

Gilles Michel, a French national, has been a Company director since May 23, 2018, and is the Chairman of the Compensation Committee and of the GACSRC as well as a member of the Strategy Committee. He has been the Company's Lead Director from October 24, 2019 until January 26, 2022, the date on which the roles of Chairman of the Board of Directors and Chief Executive Officer were separated and consequently the Lead Director's duties ended pursuant to

the Internal Procedures of the Board of Directors.

Gilles Michel has extensive experience in the automotive industry, after a number of years in senior management positions at PSA Peugeot Citroën, where he held roles such as brand manager for Citroën and Managing board member of Peugeot SA.

Gilles Michel is Chairman of the Board of Directors of Charles Telfair Institute as well as a director of IBL Ltd, IBL Energy Holding Ltd, Solvay, Maurilait Production Ltée and Management and Development Company Limited.

He began his career at the *École nationale de la statistique et de l'administration économique* (ENSAE), before moving to the World Bank in Washington DC and before joining Saint Gobain in 1986, where he spent 16 years in various senior management roles, mainly in the United States of America, before being appointed Chairman of the Ceramics & Plastics division in 2000. Then, Gilles Michel also served as Chief Executive Officer of *Fonds Stratégique d'Investissement* (FSI), where he was responsible on behalf of the State and the *Caisse des Dépôts et des Consignations* for equity investments in companies offering growth and competitiveness for the French economy. He was Chairman of the Board of Directors of Imerys until June 25, 2019, having previously been a director, Deputy Chief Executive Officer and Chairman and Chief Executive Officer.

Gilles Michel is a graduate of the *École polytechnique*, the ENSAE and the *Institut d'études politiques de Paris* (IEP).

**D. Approval of the information pertaining to the compensation paid during, or allocated in respect of, the financial year ended December 31, 2021 to all corporate officers - ex post vote (eighth resolution)**

In accordance with the provisions of Articles L. 22-10-9 and L. 22-10-34, I of the French Commercial Code, the General Shareholders' Meeting votes on the draft resolution relating to information concerning the compensation paid during, or allocated in respect of, the previous financial year to the corporate officers (*ex post vote*).

The information required by Article L. 22-10-9 of the French Commercial Code relating to:

- the compensation paid to the directors for the financial year ended December 31, 2021 pursuant to the 2021 compensation policy approved under the eleventh resolution by a 99.96% majority at the General Shareholders' Meeting held on May 26, 2021 (the "**Compensation Policy for Directors**");
- the compensation paid during, or allocated in respect of, the financial year ended December 31, 2021 to the Chairman and Chief Executive Officer pursuant to the 2021 compensation policy approved under the twelfth resolution by a 96.51% majority at the General Shareholders' Meeting held on May 26, 2021 (the "**2021 Compensation Policy for the Chairman and Chief Executive Officer**");
- the compensation paid during, or allocated in respect of, the financial year ended December 31, 2021 to the Deputy Chief Executive Officer (for the period from May 26, 2021 to December 31, 2021) pursuant to the 2021 compensation policy approved under the thirteenth resolution by a 96.13% majority at the General Shareholders' Meeting held on May 26, 2021 (the "**2021 Compensation Policy for the Deputy Chief Executive Officer**");

are set forth in Section 3.3.2 "Compensation of corporate officers in respect of the year ended December 31, 2021" of the 2021 Universal Registration Document. In addition, tables summarizing the compensation components paid or allocated to directors, to the Chairman and Chief Executive Officer and to the Deputy Chief Executive Officer for the financial year ended December 31, 2021 in accordance with the compensation policy, are attached for information in Appendix 1, Appendix 2 and Appendix 3, respectively, of this report.

**E. Approval of the compensation components paid during, or allocated in respect of, the financial year ended December 31, 2021 to the Chairman and Chief Executive Officer - ex post vote (ninth resolution)**

In accordance with the provisions of Article L. 22-10-34, II of the French Commercial Code, the General Shareholders' Meeting votes on the fixed, variable or exceptional components making up the total compensation and benefits of any kind paid during, or allocated in respect of, the previous financial year to the Chairman and Chief Executive Officer (*ex post* vote). In this respect, it should be noted that the payment of variable compensation components is subject to the approval of the compensation components by the General Shareholders' Meeting as part of the *ex post* vote.

The compensation components paid during, or allocated in respect of, the financial year ended December 31, 2021 to the Chairman and Chief Executive Officer pursuant to the 2021 Compensation Policy for the Chairman and Chief Executive Officer, approved under the twelfth resolution by a 96.51% majority at the General Shareholders' Meeting held on May 26, 2021, are set forth in Section 3.3.2 "Compensation of corporate officers in respect of the year ended December 31, 2021" and are summarized in the summary table, attached for information in [Appendix 2](#) of this report.

Under the ninth resolution, the Board of Directors proposes that you approve the following compensation components paid during, or allocated in respect of, the financial year ended December 31, 2021 to Jacques Aschenbroich by Valeo pursuant to the 2021 Compensation Policy for the Chairman and Chief Executive Officer, for his role as Chairman and Chief Executive Officer, relating to:

- the amount of his annual (gross) fixed compensation: EUR 1,100,000 (unchanged since May 23, 2019). This amount did not change until the end of Jacques Aschenbroich's term of office as Chairman and Chief Executive Officer on January 26, 2022, corresponding to the date of the separation of the roles;
- the amount of his annual variable compensation: EUR 1,396,230. At its meeting held on February 24, 2022, the Board of Directors, acting on the recommendation of the Compensation Committee, noted that the rate of achievement for the quantifiable criteria was 75.26% (out of a maximum percentage of 115%) and that the achievement rate for the qualitative criteria was 51.67% (out of a maximum percentage of 55%) of the annual fixed compensation due to Jacques Aschenbroich for the 2021 financial year. The Board of Directors therefore set the amount of the variable compensation due to Jacques Aschenbroich for 2021 for 126.93% (out of a maximum percentage of 170%) of his annual fixed compensation for 2021. The detailed components for assessing achievement of quantifiable and qualitative criteria for Jacques Aschenbroich's variable compensation for the financial year ended December 31, 2021 are set forth in Section 3.3.2 "Compensation of corporate officers in respect of the financial year ended December 31, 2021" and are provided in [Appendix 2](#) of this report;
- the number and accounting valuation of the performance shares granted to him in 2021: 118,536 performance shares<sup>2</sup> valued in accordance with IFRS at EUR 2,672,987, representing 243% of his annual fixed compensation for that year (which is below the maximum limit of 270%), it being specified that the final allocation of these shares is subject to demanding performance conditions. It is recalled that the number of performance shares definitively granted under the 2021 plan will be reduced on a *pro rata* basis according to the period during which he will have exercised the associated roles of Chairman and Chief Executive Officer;
- the valuation of benefits in kind (annual contribution to the *Garantie Sociale des Chefs et Dirigeants d'entreprise* insurance scheme and annual contribution to pension fund and life insurance (*prévoyance et assurance-vie*), company car and a driver) granted to him: EUR 16,603;

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<sup>2</sup> As Valeo's share price steadied in 2021 compared with 2020, the Board considered that for the 2021 performance share allotment the calculation method should be changed back to being based on the average price quoted for the Company's shares over the 20 trading days preceding the allotment date, in line with market practice. It was also decided to apply a 10% discount to the maximum amount authorized in the compensation policy (270% of annual fixed compensation).

- the benefit of the pension plan granted to him, it being specified that no amount or annuity was paid under this compensation component for the financial year ended December 31, 2021.

**F. Approval of the compensation components paid during, or allocated in respect of, the financial year ended December 31, 2021, to the Deputy Chief Executive Officer, for the period from May 26, 2021 to December 31, 2021 - ex post vote (tenth resolution)**

In accordance with the provisions of Article L. 22-10-34, II of the French Commercial Code, the General Shareholders' Meeting votes on the fixed, variable or exceptional components making up the total compensation and benefits of any kind paid during, or allocated in respect of, the previous financial year to the Deputy Chief Executive Officer (for the period from May 26, 2021 to December 31, 2021) (*ex post vote*). In this respect, it should be noted that the payment of variable compensation components is subject to the approval of the compensation components by the General Shareholders' Meeting as part of the *ex post vote*.

The compensation components paid during, or allocated in respect of, the financial year ended December 31, 2021 (for the period from May 26, 2021 to December 31, 2021) to the Deputy Chief Executive Officer pursuant to the 2021 Compensation Policy for the Deputy Chief Executive Officer, approved under the thirteenth resolution by a 96.13% majority at the General Shareholders' Meeting held on May 26, 2021, are set forth in Section 3.3.2 "Compensation of corporate officers in respect of the year ended December 31, 2021", and are summarized in the summary table, attached for information in [Appendix 3](#) of this report.

Under the tenth resolution, the Board of Directors proposes that you approve the following compensation components paid during, or allocated in respect of, the financial year ended December 31, 2021 (for the period from May 26, 2021 to December 31, 2021) to Christophe Périllat by Valeo, pursuant to the 2021 Compensation Policy for the Deputy Chief Executive Officer, for his role as Deputy Chief Executive Officer, relating to:

- the amount of his annual (gross) fixed compensation: EUR 434,425, calculated *pro rata* to the duration of his term of office as Deputy Chief Executive Officer on the basis of his annual fixed compensation of EUR 725,000. This amount did not change from the amount he received as Associate Chief Executive Officer (between October 27, 2020, and May 26, 2021) and, previously, as Chief Operating Officer;
- the amount of his annual variable compensation: EUR 390,331. At its meeting held on February 24, 2022, the Board of Directors acting on the recommendation of the Compensation Committee, noted that the rate of achievement for the quantifiable criteria was 52.18% (out of a maximum percentage of 80%) and that the achievement rate for the qualitative criteria was 37.67% (out of a maximum percentage of 40%) of the annual fixed compensation due to Christophe Périllat for the 2021 financial year *pro rata* to the duration of his term of office as Deputy Chief Executive Officer. The Board of Directors therefore set the amount of the variable compensation due to Christophe Périllat for 2021 for 89.85% (out of a maximum percentage of 120% of fixed compensation that variable compensation may represent for a full financial year, i.e. 75% in relation to the maximum allowed by the 2021 Compensation Policy for the Deputy Chief Executive Officer, *pro rata* to the duration of his term of office as Deputy Chief Executive Officer). The detailed components for assessing achievement of the quantifiable and qualitative criteria for Christophe Périllat's variable compensation for the financial year ended December 31, 2021, are set forth in Section 3.3.2 "Compensation of corporate officers in respect of the financial year ended December 31, 2021" and are provided in [Appendix 3](#) of this report.
- the number and accounting valuation of the performance shares granted to him in 2021: 57,871 performance shares<sup>3</sup> valued in accordance with IFRS at EUR 1,304,991,

<sup>3</sup> Valeo's share price steadied in 2021 compared with 2020, the Board considered that for the 2021 performance share allotment the calculation method should be changed back to being based on the average price quoted for the Company's shares over the 20 trading days preceding the allotment date, in line with market practice. It was also decided to apply a 10% discount to the maximum amount authorized in the compensation policy (200% of annual fixed compensation).

representing 180% of his annual fixed compensation for that year (which is below the maximum limit of 200%), it being specified that the final allocation of these shares is subject to demanding performance conditions.

- the valuation of benefits in kind (annual contribution to the *Garantie Sociale des Chefs et Dirigeants d'entreprise* insurance scheme and annual contribution to pension fund and life insurance (*prévoyance et assurance-vie*), company car and a driver) granted to him: EUR 10,869.

**G. Approval of the compensation policy applicable to directors for the year ending December 31, 2022 (eleventh resolution)**

Under the eleventh resolution, the Board of Directors proposes that you approve the compensation policy applicable to directors established in accordance with Article L. 22-10-8, I of the French Commercial Code for the financial year ending December 31, 2022. The total amount budgeted for director compensation was set at EUR 1,100,000 in 2016 and has not been modified since here. In addition, given the importance of CSR issues for your Company and, correlatively, the importance of the role of the person in charge of CSR issues within the Board, the Board of Directors, on the recommendation of the Compensation Committee, decided to add to the rules for the allocation of directors' compensation for 2022, a fixed compensation equal to EUR 6,000 per year for the director in charge of CSR issues, which represents 50% of the annual fixed compensation of the Chairman of the GACSRC. The other terms and conditions remain unchanged from the Compensation Policy for Directors approved by a 99.96% majority at the General Shareholders' Meeting held on May 26, 2021, under its eleventh resolution.

The compensation policy applicable to directors is presented in the 2021 Universal Registration Document, which includes the report provided for in Articles L. 225-37 and L. 22-10-8 of the French Commercial Code, in Section 3.3.1 "Compensation policies for corporate officers" and is provided in [Appendix 4](#) of this report.

**H. Approval of the compensation policy applicable to Jacques Aschenbroich, as Chairman and Chief Executive Officer for the period from January 1<sup>st</sup> to January 26, 2022, and as Chairman of the Board of Directors from January 26, 2022 (twelfth resolution)**

Under the twelfth resolution, the Board of Directors proposes that you approve the compensation policy applicable to Jacques Aschenbroich for the financial year ending December 31, 2022 (the "**2022 Compensation Policy for Jacques Aschenbroich**"), composed of (i) the compensation policy applicable in his role as Chairman and Chief Executive Officer for the period from January 1<sup>st</sup> to January 26, 2022 (the "**2022 Compensation Policy for the Chairman and Chief Executive Officer**"), and subsequently of (ii) the compensation policy applicable in his role as Chairman of the Board of Directors as of the separation of the roles of Chairman and Chief Executive Officer on January 26, 2022 (the "**2022 Compensation Policy for the Chairman of the Board of Directors**").

The 2022 Compensation Policy for the Chairman of the Board of Directors was presented to and approved by anticipation by 98.87% at the General Shareholders' Meeting held on May 26, 2021. The Board of Directors held on February 24, 2022 set, on the recommendation of the Compensation Committee, the same compensation policy for the Chairman of the Board of Directors in 2022, which shall remain unchanged from the compensation policy that was pre-approved by anticipation in 2021<sup>4</sup>.

The 2022 Compensation Policy for Jacques Aschenbroich, established in accordance with Article L. 22-10-8, I of the French Commercial Code, is presented in the 2021 Universal Registration Document, which includes the report provided for in Articles L. 225-37 and L. 22-10-8 of the French Commercial Code, in Section 3.3.1 "Compensation policies for corporate officers" and is provided in [Appendix 5](#) of this report.

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<sup>4</sup> With a clarification added to the benefits in kind granted to the Chairman of the Board of Directors (coverage under the collective and mandatory health, death, and disability plan).



**I. Approval of the compensation policy applicable to Christophe Périllat as Deputy Chief Executive Officer for the period from January 1<sup>st</sup> to January 26, 2022 and as Chief Executive Officer from January 26, 2022 (thirteenth resolution)**

Under the thirteenth resolution, the Board of Directors proposes that you approve the compensation policy applicable to Christophe Périllat for the year ending December 31, 2022 (the “**2022 Compensation Policy for Christophe Périllat**”), composed of (i) the compensation policy applicable to Christophe Périllat as Deputy Chief Executive Officer for the period from January 1<sup>st</sup> to January 26, 2022 (the “**2022 Compensation Policy for the Deputy Chief Executive Officer**”), and subsequently of (ii) the compensation policy applicable in his role as Chief Executive Officer as of the separation of the roles of Chairman and Chief Executive Officer on January 26, 2022 (the “**2022 Compensation Policy for the Chief Executive Officer**”).

The 2022 Compensation Policy for the Chief Executive Officer was submitted for approval by anticipation and was pre-approved by 95.14% at the General Shareholders' Meeting held on May 26, 2021. It was supplemented by the Board of Directors on February 24, 2022, on the recommendation of the Compensation Committee, by variable compensation components for the 2022 financial year and will again be submitted to the General Shareholders' Meeting on May 24, 2022; it being specified that the compensation components which were pre-approved at the General Shareholders' Meeting held on May 26, 2021 (the annual fixed compensation amount, the maximum amount of the annual variable portion of compensation fixed at 120% of the annual fixed compensation, long-term compensation including its maximum amount of 200% of the annual fixed compensation, pension plan, non-compete compensation, termination benefits and any benefits in kind) remain unchanged.

The 2022 Compensation Policy for Christophe Périllat, established in accordance with Article L. 22-10-8, I of the French Commercial Code, is presented in the 2021 Universal Registration Document, which includes the report provided for in Articles L. 225-37 and L. 22-10-8 of the French Commercial Code, in Section 3.3.1 “Compensation policies for corporate officers” and is provided in Appendix 6 of this report.

**J. Renewal of the Principal Statutory Auditors' terms of office (fourteenth and fifteenth resolutions)**

Ernst & Young *et Autres* and Mazars were appointed as Principal Statutory Auditors of your Company following the decision of the General Shareholders' Meeting held on June 3, 2010, to appoint them for a period of six financial years. Their terms of office were renewed at the General Shareholders' Meeting held on May 26, 2016, for a new period of six financial years ending at the end of this General Shareholders' Meeting.

The Board of Directors proposes, on the recommendation of the Audit and Risks Committee (after an in-depth analysis of the situation of the Principal Statutory Auditors, particularly with regard to their independence, the quality of their work and their contribution in terms of internal control) that the General Shareholders' Meeting renew the terms of office of Ernst & Young *et Autres* (*fourteenth resolution*) and Mazars (*fifteenth resolution*) as Principal Statutory Auditors for a new period of six financial years which will expire at the end of the Ordinary General Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2027.

It is also specified that the terms of office of the Alternate Statutory Auditors expire at the end of this General Shareholders' Meeting and that the Board of Directors has decided, in accordance with applicable legal provision which no longer requires the appointment of Alternate Statutory Auditors, to amend Article 20 of the articles of association in order to remove such obligation (see the *eighteenth* resolution submitted to this General Shareholders' Meeting).

**K. Ratification of the transfer of the registered head office (sixteenth resolution)**

At its meeting held on July 22, 2021, the Board of Directors decided to transfer the registered head office of the Company from 43, rue Bayen - 75017 Paris to 100, rue de Courcelles - 75017 Paris

and, consequently, to amend Article 4 of the Company's articles of association. This decision resulted in the necessary disclosure formalities as required by French law.

In accordance with French law, the transfer of the registered office of the Company and the consequential amendment to the articles of association are subject to ratification by the General Shareholders' Meeting under the sixteenth resolution.

#### **L. Share buyback program (seventeenth resolution)**

##### **Possible reason for use of the resolution**

Companies whose shares are admitted to trading on a regulated market may set up buyback programs for their own shares, under the conditions provided for by the applicable laws and regulations.

During the year ended December 31, 2021, the Company used the authorisations to buy back its own shares granted by the General Shareholders' Meetings on June 25, 2020 under the fourteenth resolution and on May 26, 2021 under the sixteenth resolution. These authorisations were implemented in order to ensure market-making in the market of the Company's shares pursuant to a liquidity contract executed with an investment services provider. Detailed information on these transactions is provided in Section 6.5. "Share buyback program" of the Company's 2021 Universal Registration Document.

##### **Conditions for implementation**

As the authorisation granted by the General Shareholders' Meeting held on May 26, 2021 will expire during the 2022 financial year, shareholders are invited to grant the Board of Directors a new authorisation to carry out transactions in shares issued by the Company for the purpose of:

- the implementation of any stock option purchase plans enabling the acquisition of Company shares, in particular, by any employee or corporate officer;
- the allotment of free shares, in particular to employees and corporate officers;
- the allotment or sale of shares to employees as part of their involvement in the performance and growth of the Company or for the implementation of any employee savings plans (or similar plan) under the conditions set out by the law;
- generally to comply with obligations in respect of stock option plans or other allotments of shares to employees or corporate officers;
- the delivery of shares upon exercise of the rights attached to securities giving access to the share capital;
- retaining and subsequently delivering these shares in the context of an external growth transaction, a merger, a spin-off or a contribution;
- the cancellation of all or part of the repurchased shares; or
- ensuring market-making in the market of the Company shares pursuant to a liquidity contract compliant with the market practice recognised by the French Financial Markets Authority (*Autorité des marchés financiers*).

This program is also intended to allow the Company to implement any market practice that may become authorised by market authorities, and more generally, the completion of any other transaction in accordance with laws and regulations that are or may become applicable. In this case, the Company will inform its shareholders by way of a press release.

The transactions would be carried out by any means which are or may be authorised by the applicable laws and/or regulations.

The Board of Directors would be granted full powers (with powers to sub-delegate under the conditions set out by the applicable laws) to implement this resolution.

Transactions under this authorisation may be carried out by the Board of Directors at any time. However, without prior consent from the General Shareholders' Meeting, the Board of Directors

may not use this authorisation following the submission by a third party of a proposed public take-over offer for the securities of the Company before the end of the offer period.

**Share repurchase price**

The maximum repurchase price is set at EUR 70 per share (excluding acquisition costs).

**Ceiling**

The maximum number of shares that may be bought by the Company or a third party on behalf of the Company is set at 10% of the Company's share capital at any given time, as adjusted to reflect transactions affecting the share capital subsequent to this General Shareholders' Meeting, or 5% of the share capital in the event of shares acquired in view of their retention and future delivery in connection with external growth transactions, merger, spin-off or contribution.

The maximum amount of funds that the Company may allocate to this share buyback program would be EUR 1,698,023,460 (excluding acquisition costs).

It is specified that, in compliance with applicable laws, the Company may not hold more than 10% of its own share capital.

**Validity period**

The authorisation would be valid for a period of 18 months as from this General Shareholders' Meeting and would cancel, as of the same date, the unused portion as at the date of this General Shareholders' Meeting, of the authorisation granted by the General Shareholders' Meeting held on May 26, 2021 under its sixteenth resolution.

**M. Powers to complete formalities (nineteenth resolution)**

We propose that you grant full powers to complete all filings and formalities required by law as a result of this General Shareholders' Meeting.

**II. Resolution within the Extraordinary General Shareholders' Meeting authority**

**A. Ratification of the amendment of Article 20 of the articles of association related to the rules governing the appointment of Alternate Statutory Auditors (eighteenth resolution)**

During its meeting held on October 28, 2021, the Board of Directors decided to use the delegation granted by the General Shareholders' Meeting of June 25, 2020 in order to make the necessary amendments to the articles of association to align them with the applicable laws and regulations.

In accordance with Article L. 823-1 paragraph 2 of the French Commercial Code, as amended by the law of December 9, 2016 on transparency, the fight against corruption and the modernisation of economic life, also known as "Sapin 2", the appointment of Alternate Statutory Auditors is compulsory only if the Principal Statutory Auditors are individuals or sole trader firms. As neither of the Company's Principal Statutory Auditors fall into one of these categories, the Board of Directors of the Company has decided to amend Article 20 of the articles of association in order to remove the obligation to appoint Alternate Statutory Auditors.

In accordance with French law, this amendment of the articles of association is subject to ratification by the General Shareholders' Meeting under the eighteenth resolution.

### III. Information relating to ongoing business since the beginning of the 2022 financial year

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Information relating to the financial year ended December 31, 2021 is available in the Company's 2021 Universal Registration Document available on the Company's website ([www.valeo.com](http://www.valeo.com)) and on the *Autorité des marchés financiers*' website ([www.amf-france.org](http://www.amf-france.org)).

The following significant events have been announced since the beginning of the 2022 financial year:

- On January 26, 2022, the Board of Directors decided to appoint Christophe Périllat as Valeo Chief Executive Officer, in accordance with the succession plan announced on October 27, 2020. Jacques Aschenbroich will continue to act as Chairman of the Board of Directors until the end of his current term of office as a director.
- On February 9, 2022, Valeo announced that it had signed an agreement with Siemens to hold 100% of the joint-venture Valeo Siemens eAutomotive, which will be integrated within Valeo's Powertrain Systems business after July 1, 2022, subject to authorization from the relevant antitrust authorities. The relevant employee representative bodies will be informed and consulted. Siemens' 50% stake in Valeo Siemens eAutomotive will be acquired for EUR 277 million on a debt-free basis. The impact of the acquisition is an increase of EUR 741 million in Valeo's net debt.
- On February 10, 2022, Valeo, Valeo Siemens eAutomotive and Renault Group announced a strategic partnership for the design, co-development and manufacture in France of a new-generation automotive electric motor, eliminating the use of rare earths. Renault will develop and produce the EESM (Electrically Excited Synchronous Machine) rotor technology, while Valeo and Valeo Siemens eAutomotive will develop and produce the stator, which is based on Valeo's technological expertise in copper wire assembly.
- On February 10, 2022, the Group contracted a second EUR 300 million loan from the European Investment Bank (EIB), maturing in 2030 and repayable in six equal annual installments from 2025. As a reminder, the EIB approved EUR 600 million in financing for the Valeo Group's research projects in Europe focused on technologies that reduce CO<sub>2</sub> emissions and improve vehicle safety; an initial loan of EUR 300 million was signed in February 2021.

**Appendix 1****Compensation components paid to directors for the financial year ended December 31, 2021**

	Compensation components paid for the financial year ended December 31, 2021	Amounts or accounting valuation submitted for a vote	Presentation
<b>Julie Avrane<sup>5</sup></b>	Fixed	25,000	The rules applied to allocate and award compensation to directors are described in Section 3.3.1 "Compensation policies for corporate officers", section "Compensation policy for directors for the financial year ending December 31, 2022", of the 2021 Universal Registration Document.
	Variable	51,000	
<b>Bruno Bézard</b>	Fixed	25,000	
	Variable	51,000	
<b>Bpifrance Participations<sup>6</sup></b>	Fixed	25,000	
	Variable	63,000	
<b>Eric Chauvirey<sup>7</sup></b>	Fixed	11,602.21	
	Variable	36,000	
<b>Caroline Maury Devine</b>	Fixed	25,000	
	Variable	48,000	
<b>Mari-Noëlle Jégo-Laveissière</b>	Fixed	25,000	
	Variable	48,000	
<b>Gilles Michel</b>	Fixed	89,000	
	Variable	48,000	
<b>Thierry Moulonguet</b>	Fixed	40,000	
	Variable	54,000	
<b>Olivier Piou<sup>8</sup></b>	Fixed	12,500	
	Variable	36,000	
<b>Eric Poton<sup>9</sup></b>	Fixed	13,397.79	
	Variable	9,000	
<b>Patrick Sayer</b>	Fixed	37,000	
	Variable	54,000	
<b>Ulrike Steinhorst</b>	Fixed	25,000	
	Variable	54,000	
<b>Grzegorz Szelag</b>	Fixed	25,000	
	Variable	36,000	
<b>Véronique Weill</b>	Fixed	25,000	
	Variable	66,000	

<sup>5</sup> Julie Avrane is the permanent representative of Fonds Stratégique de Participations.

<sup>6</sup> Represented by Stéphanie Frachet.

<sup>7</sup> The term of office of Éric Chauvirey ended on June 30, 2021.

<sup>8</sup> Resignation with effect on June 30, 2021.

<sup>9</sup> Designation of Eric Poton by the Group Works Council on June 18, 2021, with effect on June 30, 2021.

**Appendix 2****Table summarizing compensation components paid during, or allocated in respect of, the financial year ended December 31, 2021 to the Chairman and Chief Executive Officer**

Compensation components paid or allocated for the financial year ended December 31, 2021	Amounts or accounting valuation submitted for a vote	Presentation
<b>Annual (gross) fixed compensation</b>	€1,100,000 (amount paid)	The terms for annual fixed compensation, as approved by the General Shareholder's Meeting held on May 26, 2021 in the vote on the 2021 Compensation Policy for the Chairman and Chief Executive Officer <sup>10</sup> are described in Section 3.3.1 "Compensation policies for corporate officers", subsection "Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021", part "Reminder of the compensation policy for Jacques Aschenbroich as Chairman and Chief Executive Officer for the year ending December 31, 2021", "Fixed compensation" of the Company's 2021 Universal Registration Document.
<b>Annual variable compensation</b>	€1,396,230 (amount allocated for the financial year ended December 31, 2021)	<p>The terms for annual variable compensation as approved by the General Shareholder's Meeting held on May 26, 2021 in the vote on the 2021 Compensation Policy for the Chairman and Chief Executive Officer are described in Section 3.3.1 "Compensation policies for corporate officers", subsection "Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021", part "Reminder of the compensation policy for Jacques Aschenbroich as Chairman and Chief Executive Officer for the year ending December 31, 2021", "Variable compensation" of the Company's 2021 Universal Registration Document.</p> <p>At its meeting held on February 24, 2022, the Board of Directors, acting on the recommendation of the Compensation Committee, noted that the achievement rate for the quantifiable criteria was 75.26% (out of a maximum percentage of 115%) and that the achievement rate for the qualitative criteria was 51.67% (out of a maximum percentage of 55%) of the annual fixed compensation due to Jacques Aschenbroich for the 2021 financial year. The Board of Directors therefore set the amount of variable compensation due to Jacques Aschenbroich for 2021 at 126.93% (out of a maximum percentage of 170%) of his annual fixed compensation for 2021, i.e. €1,396,230, i.e. 75% in relation to the maximum allowed by the 2021 Compensation Policy for the Chairman and Chief Executive Officer. The variable compensation therefore represents 56% of the total amount of fixed and variable compensation due to Jacques Aschenbroich in 2021.</p> <p>The detailed components for assessing achievement of the quantifiable and qualitative criteria for Jacques Aschenbroich's variable compensation for the financial year ended December 31, 2021 – the main points of which are listed below – are set forth in Section 3.3.2 "Compensation of corporate officers in respect of the financial year ended December 31, 2021", subsection "Compensation of Jacques Aschenbroich, Chairman and Chief Executive Officer for the year ended December 31, 2021", part "Compensation in respect of the year ended December 31, 2021", "Variable compensation" of the Company's 2021 Universal Registration Document.</p> <p><u>Qualitative criteria:</u> in assessing the achievement of the qualitative criteria for 2021, the Board of Directors, acting on the recommendation of the Compensation Committee, carried out a detailed analysis on the degree of achievement for each criterion. The following elements are particularly representative of the 2021 financial year:</p> <ul style="list-style-type: none"> <li>- Control of the Covid-19 crisis with, from a health point of view, the continued application of the reinforced protocol and the evolutions made in 2021 which enabled to continue to protect the health of employees at all Group sites;</li> <li>- Control of the semiconductor and raw materials crisis with, from an operational standpoint, the implementation of an efficient organization dedicated to crisis management, whose effectiveness has been praised by the Group's customers, which has ensured the continuity of their production (no production shutdowns);</li> <li>- Preparation for the acquisition of Siemens' 50% stake in the joint venture Valeo Siemens eAutomotive (VSeA). This acquisition, announced on February 9, 2022, strengthens the Group's leadership position in the high-growth electrification market;</li> <li>- The Group's extra-financial performance, including (i) inclusion in the CAC 40 ESG index of the 40 companies in the CAC Large 60 index with the best environmental, social and governance (ESG) practices (ii) the completion of the first sustainability-linked bond issued by a European automotive supplier, and (iii) the implementation of a dedicated organization for the "Cap 50" project (the Group's carbon neutrality plan integrating its suppliers, its operational activities and the end use of its products (Scopes 1, 2 and 3));</li> <li>- Improving the safety of the Group's employees, with a reduction in category 1 accidents for the fourth consecutive year (15% in 2021);</li> <li>- Strengthening of the compliance policy: in particular, strengthening of the personal data processing management process, strengthening of the Group's anti-corruption and anti-trust programs and deployment of a compliance training program targeted in terms of subjects and population.</li> </ul>

<sup>10</sup> Approved by a 96.51% majority in the twelfth resolution of the General Shareholders' Meeting held on May 26, 2021.

		<p><u>Quantifiable criteria:</u></p> <p>The quantifiable criteria of Jacques Aschenbroich's annual variable compensation have been set by the Board of Directors, acting on the recommendation of the Compensation Committee, based on the Valeo budget for 2021 and the guidance published in February 2021. In assessing the degree of achievement of the quantifiable criteria, the Board of Directors, on the recommendation of the Compensation Committee, has based its decision on the following results: EBITDA margin for 2021 of 13.4%, including the Top Column Module (TCM) business; free cash flow generation of EUR 292 million; 2021 net income of EUR 175 million; 2021 order intake of EUR 21 billion (excluding the Top Column Module (TCM) business and Valeo Siemens eAutomotive (VSeA)).</p> <p>Finally, it is recalled that the payment of Jacques Aschenbroich's annual variable compensation for the year 2020, which amounted to EUR 1,089,000, was conditional, in accordance with the law, on a favourable vote by the General Meeting of 26 May 2021 on the elements of the remuneration paid during, or allocated in respect of, the 2020 financial year. Since this resolution was approved by 84.61%, the payment of such annual variable remuneration took place after such General Meeting.</p>
Variable multiannual compensation	N/A	Jacques Aschenbroich did not receive any multiannual variable compensation.
Compensation as director	N/A	Jacques Aschenbroich did not receive any compensation in his capacity as director.
Exceptional compensation	N/A	Jacques Aschenbroich did not receive any exceptional compensation.
Allotment of stock options	N/A	Jacques Aschenbroich did not receive any awards of stock options.
Allotment of performance shares	<p>Number: 118,536</p> <p>Accounting valuation (IFRS): €2,672,987</p>	<p>The terms for the allotment of performance shares as approved by the General Shareholder's Meeting held on May 26, 2021 in the vote on the 2021 Compensation Policy for the Chairman and Chief Executive Officer are described in Section 3.3.1 "Compensation policies for corporate officers", subsection "Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021", part "Reminder of the compensation policy for Jacques Aschenbroich as Chairman and Chief Executive Officer for the year ending December 31, 2021", "Long-term compensation policy – Allotment of performance shares" of the Company's 2021 Universal Registration Document.</p> <p>In accordance with the 2021 Compensation Policy for the Chairman and Chief Executive Officer, the Board of Directors, acting on the recommendation of the Compensation Committee, decided, at its meeting held on May 26, 2021, to allot 118,536 performance shares to Jacques Aschenbroich pursuant to the twenty-fifth resolution of the General Shareholders' Meeting held on May 26, 2021. As Valeo's share price steadied in 2021 compared with 2020, the Board considered that for the 2021 performance share allotment the calculation method should be changed back to being based on the average price quoted for the Company's shares over the 20 trading days preceding the allotment date, in line with market practice. It was also decided to apply a 10% discount to the maximum amount authorized in the compensation policy (270% of annual fixed compensation). Based on the share price on the date of the Board of Directors' meeting (average price of the last 20 share prices), this corresponds to 118,536 shares, valued at €2,672,987 under IFRS, i.e. 243% (out of a maximum percentage of 270%) of his annual fixed compensation for that financial year.</p> <p>Dilution from the allotment of performance shares to Jacques Aschenbroich is limited. It totaled 0.05% of the Company's share capital as at December 31, 2021.</p> <p>The methods for allotting performance shares (including conditions and performance criteria) are described in Section 3.3.2 "Compensation policies for corporate officers for the financial year ending December 31, 2021", subsection "Compensation policy for Jacques Aschenbroich, Chairman and Chief Executive Officer for the financial year ending December 31, 2021", "Long-term compensation policy – Allotment of performance shares" of the Company's 2021 Universal Registration Document).</p> <p>It is reminded that final awards are subject to the achievement of objectives for each internal performance criterion set at the beginning of the year based on guidance<sup>11</sup> at Group level; assessment of performance criteria being binary (achieved/not achieved).</p> <p>It is also reminded that:</p> <ul style="list-style-type: none"> <li>- there was no definitive allotment of shares to Jacques Aschenbroich (i) in 2019 under the 2016 plan, (ii) in 2020 under the 2017 plan and (iii) in 2021 under the 2018 plan, due to the ambitious targets set and the difficult context of the automotive market and the Covid-19 crisis;</li> <li>- the last definitive allocation of shares took place in 2018 under the 2015 plan.</li> </ul> <p>Given the separation of the roles of Chairman and Chief Executive Officer on January 26, 2022 and the continuation of Jacques Aschenbroich as Chairman of the Board of Directors until the end of his term of office as Director, i.e. until May 2023<sup>12</sup>, pursuant to the 2021 Compensation Policies for the Chairman and Chief Executive Officer the number of performance shares granted to Jacques Aschenbroich for each of the 2020 and 2021 plans will be reduced <i>pro rata</i> to the duration during which he will have exercised the combined functions of Chairman and Chief Executive Officer, i.e. a reduction of 43,333 shares for the 2020 plan and 79,024</p>

<sup>11</sup> It is reminded that, for the 2021 financial year, the guidance was 11.10% for the ROCE's rate (excluding the Top Column Module (TCM) business) and 12.80% for the EBITDA (including the Top Column Module (TCM)).

<sup>12</sup> By press release dated 30 March 2022, the Board of Directors of Valeo acknowledged the decision of the Board of Directors of Orange to appoint Jacques Aschenbroich as Chairman of the Board following its General Meeting to be held on May 19, 2022, subject to his appointment as Director. Such press release indicates that if this decision is confirmed by Orange's shareholders, Jacques Aschenbroich will continue to act as a director and Chairman of the Board of Directors of Valeo until the appointment of the new Chairman and no later than the end of 2022.



		<p>shares for the 2021 plan. In addition, at its meeting held on March 24, 2021, the Board of Directors, on the recommendation of the Compensation Committee, decided in particular to reduce by one-sixth the number of performance shares granted under the 2019 and 2020 plans for the portion represented by internal performance criteria (i.e. 80%) (see Chapter 3, section 3.3.2 "Compensation for corporate officers for the financial year ending December 31, 2020" "Compensation for Jacques Aschenbroich, Chairman and Chief Executive Officer, for the financial year ending December 31, 2020" of the 2020 Universal Registration Document, page 183).</p> <p>It is noted that the vesting of the remaining 126,179 shares remains subject to the achievement of performance criteria for the relevant three-year period (before the deduction related to internal performance criteria mentioned above).</p> <p>It is indicated that since joining the Group as Chief Executive Officer on March 20, 2009, Jacques Aschenbroich has not sold any shares obtained by exercising stock purchase options allotted to him, nor sold any vested performance shares.</p>
<b>Appointment benefit</b>	N/A	Jacques Aschenbroich did not receive any appointment benefit.
<b>Termination benefit</b>	N/A	<p>Jacques Aschenbroich did not receive any termination benefit.</p> <p>As a reminder, Jacques Aschenbroich waived the benefit of his termination benefit when the roles of Chairman of the Board of Directors and Chief Executive Officer were combined on February 18, 2016 and he was appointed as Chairman of the Board of Directors that same day, thereby becoming Chairman and Chief Executive Officer. The Board of Directors acknowledged this decision at the meeting held on February 18, 2016.</p>
<b>Supplementary pension</b>	<u>No benefits or capital paid out for the financial year ended December 31, 2021</u>	<p>The terms for the supplementary pension plan as approved by the General Shareholders' Meeting held on May 26, 2021 in a vote on the 2021 Compensation Policy for the Chairman and Chief Executive Officer are described in Section 3.3.1 "Compensation policies for corporate officers", subsection "Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021", part "Reminder of the compensation policy for Jacques Aschenbroich as Chairman and Chief Executive Officer for the year ending December 31, 2021", "Defined benefit pension plan" of the Company's 2021 Universal Registration Document.</p> <p>In accordance with French Ordinance No.2019-697 of July 3, 2019, the so-called "Article 39" defined benefit pension plan (the "<b>Closed Plan</b>") no longer welcomes new members since July 1, 2017, and no longer allows for the acquisition of any new rights since January 1, 2020. In accordance with the new provisions of law, a new commitment was made to Jacques Aschenbroich (the "<b>New Plan</b>"). The New Plan, effective since January 1, 2020, includes the same ceilings and performance conditions as the Closed Plan, in accordance with article L. 137-11-2 of the French Social Security Code.</p> <p>At its meeting held on February 24, 2022, the Board of Directors, acting on the recommendation of the Compensation Committee, examined and set the degree of achievement of the performance condition for the 2021 financial year. This condition is deemed to have been met if the variable portion of compensation of the Chairman and Chief Executive Officer, paid in year Y+1 in respect of year Y, reaches 100% of the fixed compensation due in respect of year Y. In the event the variable portion does not reach 100% of the fixed compensation, rights will be calculated on a <i>pro rata</i> basis. As the annual variable compensation amounts to 126.93% of the fixed compensation for the 2021 financial year, the Board of Directors noted that this condition has been fully met.</p>
<b>Benefits in kind</b>	<ul style="list-style-type: none"> <li>- <u>Garantie Sociale des Chefs et Dirigeants d'entreprise</u> (unemployment insurance fund for company managers): annual premium value €3,555;</li> <li>- <u>Collective and mandatory health, death, and disability plan, and life insurance</u>: annual premium value €2,300;</li> <li>- <u>Company car and a driver</u>: €10,948.</li> </ul>	<p>The terms for the benefits in kind as approved by the General Shareholders' Meeting held on May 26, 2021 in a vote on the 2021 Compensation Policy for the Chairman and Chief Executive Officer are described in Section 3.3.1 "Compensation policies for corporate officers", subsection "Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021", part "Reminder of the compensation policy for Jacques Aschenbroich as Chairman and Chief Executive Officer for the year ending December 31, 2021", "Benefits in kind" of the Company's 2021 Universal Registration Document.</p>

### Appendix 3

**Table summarizing compensation components paid during, or allocated in respect of, the financial year ended December 31, 2021 to the Deputy Chief Executive Officer (for the period from May 26, 2021 to December 31, 2021)**

Compensation components paid or allocated for the financial year ended December 31, 2021 (for the period from May 26, 2021 to December 31, 2021)	Amounts or accounting valuation submitted for a vote	Presentation
<b>Annual (gross) fixed compensation</b>	€434,425 (amount paid), calculated <i>pro rata</i> to the duration of his term of office as Deputy Chief Executive Officer, on the basis of his annual fixed remuneration of €725,000.	The terms for annual fixed compensation, as approved by the General Shareholder's Meeting held on May 26, 2021 in the vote on the 2021 Compensation Policy for the Deputy Chief Executive Officer <sup>13</sup> are described in Section 3.3.1 "Compensation policies for corporate officers", subsection "Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021", part "Reminder of the compensation policy for Christophe Périllat as Deputy Chief Executive Officer for the year ending December 31, 2021", "Fixed compensation" of the Company's 2021 Universal Registration Document.
<b>Annual variable compensation</b>	€390,331 (amount allocated for the financial year ended December 31, 2021, for the period from May 26, 2021 to December 31, 2021)	<p>The terms for annual variable compensation as approved by the General Shareholder's Meeting held on May 26, 2021 in the vote on the 2021 Compensation Policy for the Deputy Chief Executive Officer are described in Section 3.3.1 "Compensation policies for corporate officers", subsection "Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021", part "Reminder of the compensation policy for Christophe Périllat as Deputy Chief Executive Officer for the year ending December 31, 2021", "Variable compensation" of the Company's 2021 Universal Registration Document.</p> <p>At its meeting held on February 24, 2022, the Board of Directors, acting on the recommendation of the Compensation Committee, noted that the achievement rate for the quantifiable criteria was 52.18% (out of a maximum percentage of 80%) and that the achievement rate for the qualitative criteria was 37.67% (out of a maximum percentage of 40%) of the annual fixed compensation due to Christophe Périllat for the 2021 financial year. The Board of Directors therefore set the amount of variable compensation due to Christophe Périllat for 2021 at 89.85% (out of a maximum percentage of 120% of fixed compensation that variable compensation may represent for a full financial year, i.e. 75% in relation to the maximum allowed by the 2021 Compensation Policy for the Deputy Chief Executive Officer, <i>pro rata</i> to the duration of his term of office as Deputy Chief Executive Officer), which represents €390,331. The variable compensation therefore represents 47% of the total amount of fixed and variable compensation due to Christophe Périllat in 2021 <i>pro rata</i> to the duration of his term of office of Deputy Chief Executive Officer.</p> <p>The detailed components for assessing achievement of the quantifiable and qualitative criteria for Christophe Périllat's variable compensation for the financial year ended December 31, 2021 – the main points of which are listed below – are set forth in Section 3.3.2 "Compensation of corporate officers in respect of the financial year ended December 31, 2021", subsection "Compensation for Christophe Périllat, Deputy Chief Executive Officer for the year ended December 31, 2021 (for the period from May 26, 2021 to December 31, 2021)", part "Compensation in respect of the year ended December 31, 2021", "Variable compensation" of the Company's 2021 Universal Registration Document.</p> <p><u>Qualitative criteria:</u> in assessing the achievement of the qualitative criteria for 2021, the Board of Directors, acting on the recommendation of the Compensation Committee, carried out a detailed analysis on the degree of achievement for each criterion. The following elements are particularly representative of the 2021 financial year:</p> <ul style="list-style-type: none"> <li>- Control of the Covid-19 crisis with, from a health point of view, the continued application of the reinforced protocol and the evolutions made in 2021 which enabled to continue to protect the health of employees at all Group sites;</li> <li>- Control of the semiconductor and raw materials crisis with, from an operational standpoint, the implementation of an efficient organization dedicated to crisis management, whose effectiveness has been praised by the Group's customers, which has ensured the continuity of their production (no production shutdowns);</li> <li>- Preparation for the acquisition of Siemens' 50% stake in the joint venture Valeo Siemens eAutomotive (VSeA). This acquisition, announced on February 9, 2022, strengthens the Group's leadership position in the high-growth electrification market;</li> <li>- The Group's extra-financial performance, including (i) inclusion in the CAC 40 ESG index of the 40 companies in the CAC Large 60 index with the best</li> </ul>

<sup>13</sup> Approved by a 96.13% majority in the thirteenth resolution of the General Shareholders' Meeting held on May 26, 2021.

		<p>environmental, social and governance (ESG) practices (ii) the completion of the first sustainability-linked bond issued by a European automotive supplier, and (iii) the implementation of a dedicated organization for the "Cap 50" project (the Group's carbon neutrality plan integrating its suppliers, its operational activities and the end use of its products (Scopes 1, 2 and 3));</p> <ul style="list-style-type: none"> <li>- Improving the safety of the Group's employees, with a reduction in category 1 accidents for the fourth consecutive year (15% in 2021);</li> <li>- Strengthening of the compliance policy: in particular, strengthening of the personal data processing management process, strengthening of the Group's anti-corruption and anti-trust programs and deployment of a compliance training program targeted in terms of subjects and population.</li> </ul> <p><u>Quantifiable criteria:</u></p> <p>The quantifiable criteria of Christophe Périllat's annual variable compensation have been set by the Board of Directors, acting on the recommendation of the Compensation Committee, based on the Valeo budget for 2021 and the guidance published in February 2021. In assessing the degree of achievement of the quantifiable criteria, the Board of Directors, on the recommendation of the Compensation Committee, has based its decision on the following results: EBITDA margin for 2021 of 13.4%, including the Top Column Module (TCM) business; free cash flow generation of EUR 292 million; 2021 net income of EUR 175 million; 2021 order intake of EUR 21 billion (excluding the Top Column Module (TCM) business) and Valeo Siemens eAutomotive (VSeA)).</p>
<b>Variable multiannual compensation</b>	N/A	Christophe Périllat did not receive any multiannual variable compensation.
<b>Compensation as director</b>	N/A	Christophe Périllat did not receive any compensation in his capacity as director.
<b>Exceptional compensation</b>	N/A	Christophe Périllat did not receive any exceptional compensation.
<b>Allotment of stock options</b>	N/A	Christophe Périllat did not receive any awards of stock options.
<b>Allotment of performance shares</b>	<p>Number: 57,871</p> <p>Accounting valuation (IFRS): €1,304,991</p>	<p>The terms for the allotment of performance shares as approved by the General Shareholder's Meeting held on May 26, 2021 in the vote on the 2021 Compensation Policy for the Deputy Chief Executive Officer are described in Section 3.3.1 "Compensation policies for corporate officers", subsection "Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021", part "Reminder of the compensation policy for Christophe Périllat as Deputy Chief Executive Officer for the year ending December 31, 2021", "Long-term compensation policy – Allotment of performance shares" of the Company's 2021 Universal Registration Document.</p> <p>In accordance with the 2021 Compensation Policy for the Deputy Chief Executive Officer, the Board of Directors, acting on the recommendation of the Compensation Committee, decided at its meeting of May 26, 2021 to allot 57,871 performance shares to Christophe Périllat pursuant to the twenty-fifth resolution of the General Shareholders' Meeting held on May 26, 2021. Furthermore, as Valeo's share price steadied in 2021 compared with 2020, the Board considered that for the 2021 performance share allotment the calculation method should be changed back to being based on the average price quoted for the Company's shares over the 20 trading days preceding the allotment date, in line with market practice. It was also decided to apply a 10% discount to the maximum amount authorized in the compensation policy (200% of annual fixed compensation). Based on the share price on the date of the Board of Directors' meeting (average price of the last 20 share prices), this corresponds to 57,871 shares, valued at €1,304,991 under IFRS, i.e. 180% (out of a maximum percentage of 200%) of his annual fixed compensation for that financial year.</p> <p>Dilution from the allotment of performance shares to Christophe Périllat is limited. It totaled 0.02% of the Company's share capital as at December 31, 2021.</p> <p>The methods for allotting performance shares (including conditions and performance criteria) are described in Section 3.3.2 "Compensation policies for corporate officers for the financial year ending December 31, 2021", subsection "Compensation policy for Christophe Périllat, Deputy Chief Executive Officer for the financial year ending December 31, 2021 (for the period from May 26, 2021 to December 31, 2021)", "Long-term compensation policy – Allotment of performance shares" of the Company's 2021 Universal Registration Document).</p>
<b>Appointment benefit</b>	N/A	Christophe Périllat did not receive any appointment benefit.
<b>Termination benefit</b>	N/A	<p>Christophe Périllat did not receive any termination benefit as Deputy Chief Executive Officer.</p> <p>As a reminder, Christophe Périllat benefited from termination compensation for his employment contract, which is suspended during his term of office as Deputy Chief Executive Officer, unchanged compared to those from which he benefited as Chief Operating Officer and Associate Chief Executive Officer.</p>
<b>Supplementary pension</b>	N/A	<p>The terms for the supplementary pension plan applicable to Christophe Périllat as an employee of the Group are described in Section 3.3.1 "Compensation policies for corporate officers", subsection "Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021", part "Reminder of the compensation policy for Christophe Périllat as Deputy Chief Executive Officer for the year ending December 31, 2021", "Defined benefit pension plan" of the Company's 2021 Universal Registration Document.</p> <p>In accordance with the 2021 Compensation Policy for the Deputy Chief Executive Officer, as an employee of the Group, Christophe Périllat benefited from the supplementary pension, the so-called "Article 39" which no longer allows him to acquire new rights as of January 1, 2020 (the "Closed Plan"). Thus, in accordance with the new legal provisions, a new commitment, has been made in favor of Christophe Périllat, as an employee of the Group, which continued during his term of office as Deputy Chief Executive Officer during which his employment contract will be suspended. This new plan (the "New Plan"), effective as of January 1, 2020, in</p>

		<p>accordance with article L.137-11-2 of the French Social Security Code, includes the same ceilings as the Closed Plan.</p> <p>Under the New Plan, the rights of the beneficiary will vest without condition of presence in the Company at the end of his career. The rights under the Closed Plan crystallized at December 31, 2019 and remain conditional on the presence of the beneficiary within Valeo at the time of his retirement.</p> <p>As at December 31, 2021, the total commitment under these pension plans for Christophe Périllat as an employee of the Group amounts to €3,339,585, representing an annual amount of €121,962.</p> <p>As Christophe Périllat did not claim his pension entitlements during the year ended December 31, 2021, no amount was paid to him in respect of that year.</p> <p>Christophe Périllat's supplementary pension as an employee of the Group is financed annually by a premium call from the service provider in charge of managing the annuities.</p>
<p><b>Benefits in kind</b></p>	<p>- <u>Garantie Sociale des Chefs et Dirigeants d'entreprise</u> (unemployment insurance fund for company managers): annual premium value €3,266 ;</p> <p>- <u>Collective and mandatory health, death, and disability plan, and life insurance</u>: annual premium value €1,169;</p> <p>- <u>Company car and a driver</u>: €6,434.</p>	<p>The terms for the benefits in kind as approved by the General Shareholders' Meeting held on May 26, 2021 in a vote on the 2021 Compensation Policy for the Deputy Chief Executive Officer are described in Section 3.3.1 "Compensation policies for corporate officers", subsection "Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021", part "Reminder of the compensation policy for Christophe Périllat as Deputy Chief Executive Officer for the year ending December 31, 2021", "Benefits in kind" of the Company's 2021 Universal Registration Document.</p>

## **Appendix 4**

### **Compensation policy for directors for the year ending December 31, 2022**

Non-executive corporate officers receive compensation (previously known as attendance fees) for their presence at Board of Directors' and committee meetings.

In accordance with the French Commercial Code, the articles of association, the Board's Internal Procedures and the internal procedures of the Compensation Committee, the Board of Directors has authority to decide how this compensation should be allocated. The Compensation Committee makes recommendations to the Board of Directors on the rules for allocating directors' compensation and the individual amounts to be paid to each director, taking into account the actual number of Board and committee meetings attended. The variable portion linked to attendance must, other than in exceptional circumstances, have a heavier weighting than the fixed portion (see the exception in 2021, for which an explanation is provided in the table concerning the application of the AFEP-MEDEF Code in section 3.2.4 of the 2021 Universal Registration Document).

When determining the rules for allocating directors' compensation, the Board of Directors considers the corporate interest and the Company's long-term future by taking into account market practices and encouraging director attendance at meetings. The heavier weighting of the variable portion of directors' compensation, which is based on attendance at meetings, therefore contributes to the objectives of the compensation policy.

Following the Shareholders' Meeting of May 26, 2016 (eleventh resolution), the budget for directors' compensation was set at 1,100,000 euros for 2016 and subsequent years until a new decision of the Shareholders' Meeting, compared to 700,000 euros for 2014 and 2015 as approved at the Shareholders' Meeting of May 21, 2014. In 2018, January 2019 and October 2021, the Compensation Committee carried out a comparative study on the basis used for allocating directors' compensation in CAC 40, Next 80 and SBF 120 companies. This study confirmed that the amounts budgeted for the remuneration of Valeo's directors was appropriate (although slightly below the average of the study sample), and the Board of Directors, acting on the recommendation of the Compensation Committee, decided not to ask the shareholders to increase this amount.

The basis for allocating directors' compensation is as follows<sup>14</sup>:

- (i) each director receives:
  - fixed portion: 25,000 euros/year,
  - variable portion: 3,000 euros/meeting attended;
- (ii) each director who is a member (but not Chair(man)) of a Board committee also receives:
  - fixed portion: 0 euro/year,
  - variable portion: 3,000 euros/meeting attended;
- (iii) the director who is also Chair(man) of the Audit & Risks Committee also receives:
  - fixed portion: 15,000 euros/year,
  - variable portion: 3,000 euros/meeting attended;
- (iv) each director who is also Chair(man) of a Board committee (other than the Audit & Risks Committee) also receives:
  - fixed portion: 12,000 euros/year,
  - variable portion: 3,000 euros/meeting attended.

These payments are not capped, but if the budget is exceeded in any one year, the following formula is applied:

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<sup>14</sup> As an exception to these rules, since the Appointments, Compensation & Governance Committee was split into two separate committees on January 26, 2017 (the Governance, Appointments & Corporate Social Responsibility Committee and the Compensation Committee), the members of these two committees do not receive additional compensation due to the fact that they sit on two committees (instead of just one prior to the split) (see section 3.2.2 of the 2021 Universal Registration Document of the Company).

$$\frac{\text{Compensation allotted to an individual director}}{\text{Total compensation allotted to all directors}} \times 1,100,000 \text{ euros}$$

Compensation is paid every six months, according to the following rules:

- payment of the fixed portion (where applicable, *pro rata* to the period of the year during which the director held office, as described below);
- payment of the variable portion based on the number of meetings that the director actually attended during the relevant period.

For directors joining or leaving the Board during 2022, the fixed compensation will be calculated *pro rata* to the length of time the director holds office during the year. The variable portion is based on the number of Board and committee meetings attended during the period.

On February 12, 2009, acting on the recommendation of the Appointments, Compensation & Governance Committee, the Board of Directors decided that no directors' compensation would be paid to corporate officers in respect of any offices held in the Group (other than those within Valeo). The Chairman and the Chief Executive Officer do not receive any compensation for any offices held in the Group (including in their capacity as directors of the Company). This principle was expressly included in the 2021 Compensation Policy for the Chairman and Chief Executive Officer and is now included in the 2022 Compensation Policy for Jacques Aschenbroich and the 2022 Compensation Policy for Christophe Périllat.

The compensation of the Lead Director is equal to the fixed portion and variable portion that they receive in their capacity as a director for a given year, in accordance with the Board of Directors' decision of October 21, 2015. For 2022 this compensation will be calculated *pro rata* to the period of time that the director concerned served as Lead Director during the year.

In addition, in view of the importance of CSR matters for Valeo, and therefore the key role played by the Board member in charge of CSR issues, on October 28, 2021, based on the recommendation of the Compensation Committee, the Board of Directors decided to amend the allocation rules for directors' compensation in 2022 by providing for annual fixed compensation of 6,000 euros per year to be allocated to the director in charge of CSR issues.

Apart from Jacques Aschenbroich and Christophe Périllat, no Board member was (i) paid any other compensation or benefits during the year other than directors' compensation, or (ii) allocated any stock subscription or purchase options or performance shares. Apart from Jacques Aschenbroich and Christophe Périllat, no director holds any stock subscription or purchase options, free shares or performance shares. However, the directors representing employees are Group employees with an employment contract and thus receive a salary. Alongside the Group's other employees, they may also be entitled to allotments of free shares.

## Appendix 5

### **Compensation policy for Jacques Aschenbroich for the financial year ending December 31, 2022, in his capacity as Chairman and Chief Executive Officer and subsequently Chairman of the Board of Directors as from the separation of the roles of Chairman and Chief Executive Officer on January 26, 2022**

This section sets out the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional components of Jacques Aschenbroich's total compensation and benefits package for the year ending December 31, 2022 (the "**2022 Compensation Policy for Jacques Aschenbroich**"), comprised of (i) the compensation policy for Jacques Aschenbroich in his capacity as Chairman and Chief Executive Officer for the period from January 1 through January 26, 2022 (the "**2022 Compensation Policy for the Chairman and Chief Executive Officer**"), and then (ii) the compensation policy applicable in his capacity as Chairman of the Board of Directors as from the separation of the roles of Chairman and Chief Executive Officer on January 26, 2022 (the "**2022 Compensation Policy for the Chairman of the Board of Directors**"). The 2022 Compensation Policy for Jacques Aschenbroich forms part of the report prepared in accordance with Article L.225-37 of the French Commercial Code and contains the information required pursuant to Article L.22-10-8 of said Code.

As a reminder, in accordance with the succession plan unanimously approved by the Board of Directors on October 27, 2020 and disclosed in a press release on the same date, it was decided that when the roles of Chairman and Chief Executive Officer were separated on January 26, 2022, Jacques Aschenbroich would continue to serve as Chairman of the Board of Directors until the end of his term of office as a director, *i.e.*, until May 2023<sup>15</sup>. Jacques Aschenbroich has been vested with specific missions aimed at ensuring a smooth transition with Christophe Périllat who succeeded him as the Company's Chief Executive Officer on January 26, 2022 (see section 3.2.1 of the 2021 Universal Registration Document "Composition of the Board of Directors", "Succession plan").

Jacques Aschenbroich does not have an employment contract with the Valeo Group.

At its meeting on March 24, 2021, on the recommendation of the Compensation Committee, the Board of Directors set the compensation policy of the Chairman of the Board of Directors, in anticipation of the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer planned for January 2022. This policy, which is described below, was presented at the May 26, 2021 Shareholders' Meeting, in anticipation of the separation of the roles of Chairman and Chief Executive Officer, and was approved at a rate of 98.87%.

In accordance with Article L.22-10-8 of the French Commercial Code, at its meeting on February 24, 2022, based on the recommendation of the Compensation Committee, the Board of Directors set the same compensation policy for the Chairman of the Board of Directors for 2022, unchanged from the policy approved in 2021 in anticipation of the separation of the roles of Chairman and Chief Executive Officer<sup>(16)</sup>, and which will be submitted for shareholder approval once again at the Shareholders' Meeting of May 24, 2022.

#### **Fixed compensation**

##### **As Chairman and Chief Executive Officer (from January 1 through January 26, 2022)**

The Chairman and Chief Executive Officer's (gross) annual fixed compensation was set at 1,100,000 euros since May 23, 2019.

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<sup>15</sup> By press release dated 30 March 2022, the Board of Directors of Valeo acknowledged the decision of the Board of Directors of Orange to appoint Jacques Aschenbroich as Chairman of the Board following its General Meeting to be held on May 19, 2022, subject to his appointment as Director. Such press release indicates that if this decision is confirmed by Orange's shareholders, Jacques Aschenbroich will continue to act as a director and Chairman of the Board of Directors of Valeo until the appointment of the new Chairman and no later than the end of 2022.

<sup>16</sup> Apart from a clarification added concerning the benefits in kind for which the Chairman of the Board of Directors is eligible (collective and mandatory health, death and disability insurance).

This compensation remained unchanged until Jacques Aschenbroich ceased to serve as Chairman and Chief Executive Officer when these roles were separated on January 26, 2022.

#### As Chairman of the Board of Directors as from January 26, 2022, when the roles of Chairman and Chief Executive Officer were separated

The Chairman of the Board of Directors is entitled to an annual fixed compensation, excluding any other compensation element, in accordance with the recommendations of the AFEP-MEDEF Code.

The Board of Directors' meeting held on March 24, 2021, decided, on the recommendation of the Compensation Committee, to set Jacques Aschenbroich's annual fixed compensation for his role as Chairman of the Board of Directors following the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer taking into consideration the following elements:

- Jacques Aschenbroich's experience, skills and career within Valeo;
- the range and scope of the specific missions that would be assigned to him as Chairman of the Board of Directors during the managerial transition period<sup>17</sup>;
- the benchmark study of an external advisor (Willis Towers Watson) on the compensation of Chairmen of a Board of Directors who have specific missions and who previously held executive positions in the same company<sup>18</sup>;
- the compensation awarded to Jacques Aschenbroich as Chairman of the Board of Directors is (i) temporary (until the end of his term of office as a director ends in May 2023<sup>19</sup>), (ii) expressly indexed to Jacques Aschenbroich's role during the transition period and does not constitute a reference point for persons holding the role of Chairman of the Board of Directors in the future, and (iii) related to the exceptional circumstances necessary for implementing the succession plan within Valeo, during this particularly complex period due to the Covid-19 and semiconductor crises, as well as to Jacques Aschenbroich's key role in ensuring that implementation;
- his contribution to a successful managerial transition.

On this basis, the Board of Directors held on March 24, 2021, on the recommendation of the Compensation Committee, set Jacques Aschenbroich's (gross) annual fixed compensation following the separation of the roles of Chairman of the Board of Directors and of Chief Executive Officer until the end of his term of office which will terminate in May 2023<sup>19</sup> at 800,000 euros. This compensation was approved at a rate of 98.87% at the Shareholders' Meeting of May 26, 2021 in anticipation of the separation of the roles of Chairman and Chief Executive Officer.

#### Variable compensation

Jacques Aschenbroich will not receive any variable compensation either in his capacity as Chairman and Chief Executive Officer or in his capacity as Chairman of the Board of Directors.

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<sup>17</sup> The specific missions entrusted to Jacques Aschenbroich as Chairman of the Board of Directors are carried out at the request of the Chief Executive Officer and are without prejudice to (i) the executive functions of the Chief Executive Officer, who will have sole responsibility for Valeo's management and operations and (ii) the powers of the Board of Directors:

- (i) contribution to General Management: consultation of the Chairman of the Board of Directors by the Chief Executive Officer (at his request), support and advice to the Chief Executive Officer on various subjects relating to Valeo (governance, strategy, significant transactions and projects);
- (ii) relations with public authorities, institutions and business partners: representing Valeo (at the Chief Executive Officer's request) on a national and international scale with respect to public authorities, institutions and business partners (in particular, Chinese and other Asian customers), assisting the Chief Executive Officer (at his request) in the context of Valeo's relationship with its historical and strategic partners;
- (iii) relationship with shareholders: monitoring, in coordination with the Chief Executive Officer, the quality of relations and dialogue with Valeo's shareholders;
- (iv) corporate social responsibility: promoting Valeo's values, image and culture. Joint participation with the Chief Executive Officer, in actions carried out by Valeo, in particular in the field of corporate social responsibility, ethics and compliance.

<sup>18</sup> This panel is available on the Company's website ([www.valeo.com](http://www.valeo.com)), under "Corporate Governance".

<sup>19</sup> By press release dated 30 March 2022, the Board of Directors of Valeo acknowledged the decision of the Board of Directors of Orange to appoint Jacques Aschenbroich as Chairman of the Board following its General Meeting to be held on May 19, 2022, subject to his appointment as Director. Such press release indicates that if this decision is confirmed by Orange's shareholders, Jacques Aschenbroich will continue to act as a director and Chairman of the Board of Directors of Valeo until the appointment of the new Chairman and no later than the end of 2022.



## Long-term compensation policy – Allotment of performance shares

### As Chairman and Chief Executive Officer (from January 1 through January 26, 2022)

In view of the separation of the roles of Chairman and Chief Executive Officer on January 26, 2022, no long-term compensation will be awarded to the Chairman and Chief Executive Officer for 2022.

### As Chairman of the Board of Directors as from January 26, 2022, when the roles of Chairman and Chief Executive Officer were separated

No performance shares will be allotted to Jacques Aschenbroich for his role as Chairman of the Board of Directors.

At the end of the holding period set out by the Board of Directors, the Chairman of the Board of Directors will also have to hold a significant number of vested performance shares in the form of registered shares until the end of his term of office. This holding obligation will correspond to 50% of the vested performance shares <sup>(20)</sup>.

## Pension plan

### As Chairman and Chief Executive Officer (from January 1 through January 26, 2022)

The Chairman and Chief Executive Officer benefited from a defined benefit pension plan which took effect on January 1, 2010 and no longer welcomes new members since July 1, 2017. There is a cap both on the amount of this pension plan (entitlement pursuant to the plan's conditions corresponding to 1% of the reference salary per year of service, capped at 20%) and on the basis for determining entitlements (additional pension benefits, all plans combined, are capped at 55% of the reference salary).

In accordance with French Ordinance No. 2019-697 of July 3, 2019, the so-called "Article 39" defined benefit pension plan no longer allows for the acquisition of new rights as from January 1, 2020 (the "Closed Plan"). Thus, in accordance with the new legal provisions, a new commitment was made in favor of Jacques Aschenbroich. This new plan, effective as of January 1, 2020, in accordance with Article L.137-11-2 of the French Social Security Code, includes the same ceilings and performance conditions as the Closed Plan, as described in the 2021 Compensation Policy for the Chairman and Chief Executive Officer (see Chapter 3, section 3.3.1 "2021 Compensation Policy for the Chairman and Chief Executive Officer" of the 2020 Universal Registration Document, page 164).

As the Chairman and Chief Executive Officer only served in that capacity for a very short period in 2022, at its meeting on February 24, 2022 the Board of Directors decided that he would not be eligible for supplementary pension benefits for 2022.

### As Chairman of the Board of Directors as from January 26, 2022, when the roles of Chairman and Chief Executive Officer were separated

The Chairman of the Board of Directors will not benefit from any additional rights under the Company's supplementary pension plan.

## Benefits in kind

### As Chairman and Chief Executive Officer (from January 1 through January 26, 2022)

The principles and criteria for this compensation component included in the 2021 Compensation Policy for the Chairman and Chief Executive Officer (see section 3.3.1 "Compensation policies for corporate officers", subsection "Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021", part "Reminder of the compensation policy for Jacques Aschenbroich as Chairman and Chief Executive Officer for the year ending December 31, 2021", "Benefits in kind" of the Company's 2021 Universal Registration Document), remain unchanged.

### As Chairman of the Board of Directors as from January 26, 2022, when the roles of Chairman and Chief Executive Officer were separated

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<sup>20</sup> Since joining the Group as Chief Executive Officer on March 20, 2009, Jacques Aschenbroich has not sold any shares obtained by exercising stock purchase or subscription options allotted to him, nor sold any vested performance shares.

In his capacity as Chairman of the Board of Directors, Jacques Aschenbroich is entitled to coverage under the collective and mandatory health, death and disability insurance plan, and is provided with a company car and a driver.

**Other compensation components – No multi-annual variable compensation, compensation or benefits on appointment, exceptional compensation, termination benefits, non-compete compensation, directors' compensation, benefits of any kind under agreements with the Company or any Group company or options or any other long-term compensation component**

In his capacity as Chairman and Chief Executive Officer and subsequently Chairman of the Board of Directors, Jacques Aschenbroich will not receive any multi-annual variable compensation, compensation or benefits on appointment, exceptional compensation, termination benefits or non-compete compensation.

In addition, he will not receive any compensation in his capacity as a director. Jacques Aschenbroich will not be entitled to any compensation or other benefits as a result of agreements entered into with the Company or any Group company.

No stock purchase or subscription options or other long-term compensation components will be allotted to him.

If a new Chairman of the Board of Directors is appointed, then in accordance with applicable laws and regulations, the compensation package for the new Chairman will be consistent with the present 2022 Compensation Policy for the Chairman of the Board of Directors, and the Board of Directors, acting on the recommendation of the Compensation Committee, will adjust the compensation components to account for the corporate officer's situation, and in particular his/her experience, skills, and range of past work and assignments, together with prevailing market practice for similar roles.

## Appendix 6

### **Compensation Policy for Christophe Périllat for the financial year ending December 31, 2022, in his capacity as Deputy Chief Executive Officer and subsequently Chief Executive Officer as from the separation of the roles of Chairman and Chief Executive Officer on January 26, 2022**

This section sets out the principles and criteria for determining, structuring and awarding the fixed, variable and exceptional components of Christophe Périllat's total compensation and benefits package for the year ending December 31, 2022 (the "**2022 Compensation Policy for Christophe Périllat**"), comprised of (i) the compensation policy for Christophe Périllat in his capacity as Deputy Chief Executive Officer for the period from January 1 through January 26, 2022 (the "**2022 Compensation Policy for the as Deputy Chief Executive Officer**"), and then (ii) the compensation policy applicable in his capacity as Chief Executive Officer as from the separation of the roles of Chairman and Chief Executive Officer on January 26, 2022 (the "**2022 Compensation Policy for the Chief Executive Officer**"). The 2022 Compensation Policy for Christophe Périllat forms part of the report prepared in accordance with Article L.225-37 of the French Commercial Code and contains the information required pursuant to Article L.22-10-8 of said Code.

As a reminder, in accordance with the succession plan unanimously approved by the Board of Directors on October 27, 2020 and disclosed in a press release on the same date, Christophe Périllat succeeded Jacques Aschenbroich as Valeo's Chief Executive Officer on January 26, 2022.

In accordance with the recommendations of the AFEP-MEDEF Code, when Christophe Périllat became Chief Executive Officer on January 26, 2022, his employment contract – which had been suspended since his appointment as Deputy Chief Executive Officer on May 26, 2021 – was terminated.

At its meeting on March 24, 2021, based on the recommendation of the Compensation Committee, the Board of Directors set the compensation policy of the Chief Executive Officer for the financial year ending December 31, 2022, in anticipation of the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer. This compensation policy was submitted to the shareholders for approval at the May 26, 2021 Shareholders' Meeting and was approved at a rate of 95.14%. On February 24, 2022, on the recommendation of the Compensation Committee, the Board of Directors added performance criteria applicable to the Chief Executive Officer's variable compensation for 2022, which will be once again submitted for approval at the Shareholders' Meeting to be held on May 24, 2022. Apart from this amendment concerning variable compensation performance criteria, the compensation components presented at the May 26, 2021 Shareholders' Meeting in anticipation (the amount of his annual fixed compensation, the maximum amount of his annual variable compensation set at 120% of his annual fixed compensation, the components of his long-term compensation including its maximum amount representing 200% of his annual fixed compensation, pension benefits, non-compete compensation, termination benefits and benefits in kind) remain unchanged.

#### **Fixed compensation**

##### **As Deputy Chief Executive Officer (from January 1 through January 26, 2022)**

At its meeting held on March 24, 2021, on the recommendation of the Compensation Committee, the Board of Directors set the (gross) annual fixed compensation of the Deputy Chief Executive Officer at 725,000 euros which corresponds to the same level as that of Chief Operating Officer and Associate Chief Executive Officer (between October 27, 2020 and May 26, 2021).

This annual fixed compensation provided for in the 2021 compensation policy for the Deputy Chief Executive Officer<sup>(21)</sup> remains unchanged in the 2022 Compensation Policy for the Deputy Chief Executive Officer.

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<sup>21</sup> Approved at a rate of 96.13% at the Shareholders' Meeting of May 26, 2021 (thirteenth resolution).

### As Chief Executive Officer as from January 26, 2022, when the roles of Chairman and Chief Executive Officer were separated

At its meeting held on March 24, 2021, the Board of Directors, on the recommendation of the Compensation Committee, set the (gross) annual fixed compensation of the Chief Executive Officer at 975,000 euros. This compensation, which was approved at a rate of 95.14% at the Shareholders' Meeting of May 26, 2021 in anticipation of the separation of the roles of Chairman and Chief Executive Officer, is unchanged in the 2022 Compensation Policy for the Chief Executive Officer.

### Variable compensation

The variable portion of the compensation must be in line with the Chief Executive Officer's performance, as well as the Company's strategy and progress. It was therefore determined partly according to strict and ambitious quantifiable criteria based on the Group's financial, non-financial and operational performance, and partly on a qualitative basis. The quantifiable and qualitative objectives to be reached are set according to specific, strict and ambitious predetermined objectives. These criteria are determined each year by the Board of Directors, based on recommendations made by the Compensation Committee.

During its review of the 2022 Compensation Policy for Christophe Périllat, at its meeting on March 24, 2022, the Board of Directors, acting on the recommendation of the Compensation Committee, decided to set the following quantifiable and qualitative criteria for the 2022 financial year:

- **four quantifiable criteria:** (i) EBITDA, (ii) free cash flow, (iii) net income and (iv) Group order intake;
- **four qualitative criteria:** (i) strategic vision, (ii) risk management, (iii) corporate social responsibility and (iv) reduction in CO<sub>2</sub> emissions ("CAP 50" Carbon Neutrality Plan).

In accordance with the recommendations of the AFEF-MEDEF Code, the total amount of the variable portion is expressed as a percentage of the annual fixed compensation, each criterion granting entitlement to a percentage of the annual fixed compensation.

The 2022 compensation policy for the Chief Executive Officer – which was set by the Board of Directors on March 24, 2021 on the recommendation of the Compensation Committee, in anticipation of the separation of roles of the Chairman and Chief Executive Officer<sup>(22)</sup> – sets the maximum amount of the Chief Executive Officer's variable compensation at 120% of his annual fixed compensation, which corresponds to the same maximum amount as when he was Chief Operating Officer, Associate Chief Executive Officer and Deputy Chief Executive Officer. This maximum amount remains unchanged in the 2022 Compensation Policy for Christophe Périllat, it being specified that in view of the separation of the roles of Chairman and Chief Executive Officer that took place on January 26, 2022, acting on the recommendation of the Compensation Committee, on February 24, 2022 the Board of Directors decided that the annual fixed compensation for the Chief Executive Officer would be used as the reference compensation for Christophe Périllat's annual variable compensation for the whole financial year of 2022.

The maximum amount of annual variable compensation (120% of annual fixed compensation) is contingent on the achievement of ambitious objectives set by the Board of Directors acting on the recommendation of the Compensation Committee.

For each quantifiable criterion, the variable portion will vary within a range of 0% to 100% of the maximum amount of annual fixed compensation obtainable under the relevant criterion.

The following table summarizes in a synthetic way the applicable quantifiable and qualitative criteria, the entitlement relating to each of these criteria as a percentage of the annual fixed compensation, and the maximum variable compensation for 2022.

#### Quantifiable criteria <sup>(1) (2)</sup>

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<sup>22</sup> Approved at a rate of 95.14% at the Shareholders' Meeting of May 26, 2021 (fourteenth resolution).

Nature of the quantifiable criterion	Maximum amount of the variable portion as a % of the Chief Executive Officer's annual fixed compensation
EBITDA	18%
Free cash flow	18%
Net income	16%
Group order intake	18%
<b>TOTAL QUANTIFIABLE CRITERIA</b>	<b>70%</b>
Qualitative criteria	
Nature of the qualitative criterion	Maximum amount of the variable portion as a % of the Chief Executive Officer's annual fixed compensation
<b>Strategic vision</b>	14%
<i>This criterion is measured, in particular, against the following elements:</i>	
<ul style="list-style-type: none"> <li>• <i>quality of strategic and financial communications, particularly the investor meetings of February 10 and 25, 2022, and implementation of the roadmap;</i></li> <li>• <i>quality of the roadmap's effects on the Group's businesses.</i></li> </ul>	
<b>Risk management</b>	12%
<i>This criterion is measured, in particular, against the following elements:</i>	
<ul style="list-style-type: none"> <li>• <i>compliance: measures implemented to ensure the strict enforcement of anti-corruption, antitrust and personal data protection rules (GDPR);</i></li> <li>• <i>Management of risks related to the Group's operational excellence (management of production facilities, "red launches");</i></li> <li>• <i>management of inflation-related impacts;</i></li> <li>• <i>quality of supplies crisis management (electronic components and raw materials).</i></li> </ul>	
<b>Corporate social responsibility</b>	12%
<i>CSR is assessed in particular against the following elements:</i>	
<ul style="list-style-type: none"> <li>• <i>overall assessment of safety performance through the number of lost-time workplace accidents. Particular attention will be paid to France in 2022 with respect to lost-time workplace accidents;</i></li> <li>• <i>progression of the Gender Equity Index in 2022 to an average of 87 for the Group, and improvement for countries with a score below 75.</i></li> </ul>	
<b>CAP 50 plan</b>	12%
<i>Gradual reduction in CO<sub>2</sub> emissions by at least 0.75 Mt per year.</i>	
<b>TOTAL QUALITATIVE CRITERIA</b>	<b>50%</b>
<b>TOTAL QUANTIFIABLE AND QUALITATIVE CRITERIA</b>	<b>120%</b>

(1) Excluding regulatory and tax impacts and excluding any economic and financial consequences of the war in Ukraine.

(2) Including Valeo Siemens eAutomotive (VSeA).

## Long-term compensation policy – Allotment of performance shares

The long-term compensation components provided for in the 2022 Compensation Policy for the Chief Executive Officer, as set by the Board of Directors on March 24, 2021, on the recommendation of the Compensation Committee, in anticipation of the separation of roles of the Chairman and Chief Executive Officer<sup>(23)</sup>, are unchanged in the 2022 Compensation Policy for Christophe Périllat and are set out below.

The aim of allotting performance shares is not only to encourage Christophe Périllat to take a long-term approach to his duties, but also to retain him and align his interests with those of Valeo and its shareholders. Under the performance share plans, performance criteria must be met over a period of three consecutive years. Valeo applies strict and ambitious performance criteria considered as particularly representative of the Company's performance. Indeed, the proposed criteria are aimed at reflecting the Group's strategy, financial, non-financial and operational performance objectives, value creation for Valeo's shareholders measured using the external performance criterion, the Total Shareholder Return (TSR), and performance measurement.

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

- (i) two internal performance criteria, namely the EBITDA level as well as the return on capital employed rate (ROCE). The internal performance criteria represent no more than 60% of the allocated shares (30% for each criterion);
- (ii) an external performance criterion, Valeo's TSR, which will be measured against the CAC 40 index (10%) and against the European Automotive Panel (10%). Thus, the external performance criterion represents no more than 20% of the allocated shares;
- (iii) two corporate social responsibility (CSR)-related criteria: an environmental criterion relating to the level of CO<sub>2</sub> emissions and a gender diversity criterion based on the number of women in the Group's management committees (relating to the 300 most important Group management positions). The CSR criteria represent no more than 20% of the allocated shares (10% for each criterion).

The maximum amount of performance shares allotted to the Chief Executive Officer, valued under IFRS, must not exceed 200% of his annual fixed compensation (i.e., 91% of the sum of his maximum annual fixed and variable compensation based on his compensation as Chief Executive Officer for a full year), which corresponds to the same amount as the amount applicable when he was Chief Operating Officer, Associate Chief Executive Officer and Deputy Chief Executive Officer. This cap of 200% of annual fixed compensation corresponds to a maximum amount, and the Board of Directors reserves the right to award a lower percentage depending on Valeo's performance.

The table below summarizes in a synthetic way the criteria and methods used to assess the performance shares as part of the 2022 Compensation Policy for Christophe Périllat:

Criterion	Weight/Assessment
<b>Internal performance criterion: ROCE rate <sup>(1)</sup> (30%)</b>	Performance measured by two criteria (ROCE rate and EBITDA level) for each of the three financial years (Y, Y+1, and Y+2) of the vesting period. The criterion will be satisfied if, for each financial year covered under the grant, the rate effectively achieved for each criterion is greater than or equal to the target rate established by the Board of Directors, it being understood that (i) the target rate cannot be lower than the guidance for the financial year of reference, (ii) the selected criterion cannot be changed by the Board of Directors at a later date and (iii) the target rates cannot be changed by the Board of Directors at a later date, except by a duly justified decision in the context of exceptional circumstances beyond the beneficiaries' control.
<b>Internal performance criterion: EBITDA level <sup>(1)</sup> (30%)</b>	
	<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>

<sup>23</sup> Approved at a rate of 95.14% at the Shareholders' Meeting of May 26, 2021 (fourteenth resolution).

<b>External performance criterion: TSR (20%)</b>	<p>TSR recorded over a period of 3 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: 100% (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 in the European Automotive Panel over the reference period: 100% (0% if equal or lower).</li> </ul>
<b>Corporate social responsibility: CO<sub>2</sub> emissions <sup>(2)</sup> (10%)</b>	<p>CSR criterion recorded over a period of 3 years from January 1 of the allotment year to December 31 of the year prior to delivery and published at the time of the free shares allotment:</p> <ul style="list-style-type: none"> <li>• If the level of CO<sub>2</sub> emissions recorded over the reference period is lower than or equal to the target rate established for the reference period: 100% (0% if greater).</li> </ul>
<b>Corporate social responsibility: the number of women within the Group's management committees (relating to the 300 most important Group management positions) <sup>(3)</sup> (10%)</b>	<ul style="list-style-type: none"> <li>• If the number of women within the Group's management committees (relating to the 300 most important Group management positions) recorded over the reference period is greater than or equal to the target rate established for the reference period: 100% (0% if lower).</li> </ul>

(1) For 2022, the guidance is 8.60% for the ROCE rate (including Valeo Siemens eAutomotive (VSeA) over 12 months) and 11.80% for the EBITDA (based on the integration of VSeA after July 2022 following the acquisition by Valeo of the 50% stake held by Siemens in VSeA), it being specified that this guidance does not take into account the unfavourable economic and financial consequences likely to result from the war in Ukraine.  
 (2) For the 2022 plan, the achievement of this target (excluding VSeA) will be assessed as at December 31, 2024, on the basis of the carbon neutrality objective by 2050 and, by December 31, 2030, a plan to reduce emissions related to its operating activities (Scopes 1 and 2) by 75% and emissions related to its supply chain and to the end use of its products (Scope 3) by 15% compared to January 1, 2020, as presented in Chapter 4, section 4.1.3 "Valeo's carbon neutrality Plan by 2050" of the 2020 Universal Registration Document. This 2030 objective (excluding VSeA) implies an annual reduction of -0.75 Mt CO<sub>2</sub> from 49.6 Mt CO<sub>2</sub> at January 1, 2020 to 41.4 Mt CO<sub>2</sub> at December 31, 2030. Accordingly, based on the linear annual progression until 2030, the rate of achievement of this target (excluding VSeA) is set at a maximum of 45.85 Mt CO<sub>2</sub> by December 31, 2024.  
 (3) For the 2022 plan, the achievement of this target will be assessed as at December 31, 2024 on the basis of the objective of doubling the number of women on the various Group's management committees (relating to the 300 most important Group management positions) from 16% of women as at January 1, 2020 to 32% of women as at December 31, 2030. Accordingly, based on a linear annual progression, the rate of achievement of this target is set at a minimum of 23 % of women in the Group's management committees (relating to the 300 most important Group management positions) by December 31, 2024, on a like for like basis, which constitutes an acceleration of the intermediate objective for 2024 set at 20% by Valeo's Board of Directors in 2020 (as described in sub-section 3.2.1 "Composition of the Board of Directors", paragraph "Diversity policy within the governing bodies" of the 2020 Universal Registration Document).

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

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

Each time that it decides to allot performance shares, the Board of Directors ensures that performance share allotments, valued under IFRS, do not represent a disproportionate percentage of all compensation and performance shares allotted, that they have a limited impact in terms of dilution and that the allotments are made at the same times of the year. In accordance with applicable laws and Company practices, the Group's executive managers and employees will also be entitled to performance shares.

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

### **Supplementary pension**

#### [As Deputy Chief Executive Officer \(from January 1 through January 26, 2022\)](#)

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

The principles and criteria applicable to the supplementary pension plan are set out in the 2021 Compensation Policy for the Deputy Chief Executive Officer (see Section 3.3.1 “Compensation policies for corporate officers”, subsection “Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021”, part “Reminder of the compensation policy for Christophe Périllat as Deputy Chief Executive Officer for the year ending December 31, 2021”, “Defined benefit pension plan” of the Company's 2021 Universal Registration Document) and remain unchanged in the 2022 Compensation Policy for the Deputy Executive Officer.

#### [As Chief Executive Officer as from January 26, 2022, when the roles of Chairman and Chief Executive Officer were separated](#)

When Christophe Périllat was appointed as Chief Executive Officer his employment contract was terminated. The termination of his employment contract entailed the loss of the benefit of any defined benefit supplementary pension plans to which he would have been entitled if he had remained a Valeo employee until his retirement, except for his rights acquired under the New Plan from January 1, 2020 up until his employment contract was terminated (i.e., when he was appointed Chief Executive Officer).

Therefore, the 2022 Compensation Policy for the Chief Executive Officer – which was set in anticipation of the separation of the roles of Chairman and Chief Executive Officer based on the recommendation of the Compensation Committee and was approved at a rate of 95.14% at the Shareholders' Meeting of May 26, 2021 – provides that as from Christophe Périllat's appointment as Chief Executive Officer on January 26, 2022 under the succession plan for Jacques Aschenbroich, the Chief Executive Officer is entitled to opt in to a defined contribution plan, to replace the accrual of rights under the defined benefit plans. This compensation component therefore remains unchanged in the 2022 Compensation Policy for the Chief Executive Officer, as described below.

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

Under this new mechanism, the amount paid by the Company is split between a payment to the insurance company on an individual account in Christophe Périllat's name and a payment to Christophe Périllat to take into account the social costs and taxes due on the payments made to the insurance company.



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

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

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

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

Thus, the gross annual amount paid to the insurance company is subject to a performance condition considered to be achieved if the variable portion of the beneficiary's compensation, paid in year Y+1 in respect of year Y, reaches 70% of his fixed compensation due in respect of year Y. In the event that the variable portion does not reach 70% of the fixed compensation, the gross annual amount paid will be calculated on a *pro rata* basis down to zero.

This new scheme was chosen between several alternatives and represents a lower total cost for the Company than the previous plans by approximately 36%, while retaining a retention effect similar to these previous pensions plans insofar as Christophe Périllat will have to remain with Valeo until the age of 65 to benefit from a supplementary pension of equivalent value to that which he had at the time his employment contract was terminated. For example, if he were to retire at 62 (age at which Christophe Périllat will be entitled to claim his legal, and therefore supplementary, pension entitlements) under this new scheme, he would receive a lower pension than under the old plan, with a discount of more than 40%.

## **Employment contract**

In accordance with the 2021 Compensation Policy for the Deputy Chief Executive Officer, Christophe Périllat's employment contract was suspended when he was appointed as Deputy Chief Executive Officer. This suspension was maintained in the 2022 Compensation Policy for the Deputy Chief Executive Officer until Christophe Périllat was appointed as Chief Executive Officer on January 26, 2022, when his employment contract was terminated.

## **Benefits in kind**

### [As Deputy Chief Executive Officer \(from January 1 through January 26, 2022\)](#)

The principles and criteria relating to this compensation component provided for in the 2021 Compensation Policy for the Deputy Chief Executive Officer (see section 3.3.1 "Compensation policies for corporate officers", subsection "Reminder of the compensation policies for the Chairman and Chief Executive Officer and for the Deputy Chief Executive Officer for the year ending December 31, 2021", part "Reminder of the compensation policy for Christophe Périllat as Deputy Chief Executive Officer for the year ending December 31, 2021", "Benefits in kind" of the Company's 2021 Universal Registration Document), remain unchanged in the 2022 Compensation Policy for the Deputy Chief Executive Officer.

### [As Chief Executive Officer as from January 26, 2022, when the roles of Chairman and Chief Executive Officer were separated](#)

The principles and criteria relating to this compensation component provided for in the Compensation Policy for the Chief Executive Officer for the financial year ending December 31, 2022 – as set by the Board of Directors on March 24, 2021, on the recommendation of the Compensation Committee, in anticipation of the separation of roles of the Chairman and Chief Executive Officer and approved at a rate of 95.14% by the Shareholders' Meeting of May 26, 2021 – remain unchanged in the 2022 Compensation Policy for the Chief Executive Officer.

The Chief Executive Officer is therefore entitled to coverage under the unemployment insurance fund for company managers, the collective and mandatory health, death and disability plan and life insurance covering death, disability or the consequences of any accidents that may occur during business travel. Valeo also provides him with a company car and a driver.

### **Non-compete compensation and termination benefits**

The principles and criteria relating to these compensation components provided for in the Compensation Policy for the Chief Executive Officer for the financial year ending December 31, 2022 – as set by the Board of Directors on March 24, 2021, on the recommendation of the Compensation Committee, in anticipation of the separation of roles of the Chairman and Chief Executive Officer and approved at a rate of 95.14% by the Shareholders' Meeting of May 26, 2021 – remain unchanged in the 2022 Compensation Policy for the Chief Executive Officer and are set out below.

#### **Non-compete compensation**

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

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

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

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

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

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

#### **Termination benefits**

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

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

Total compensation paid as Chief Executive Officer and, as the case may be, as an employee during the two years preceding the end of his term of office

X

average (in %) of the results achieved for the annual variable compensation as Chief Executive Officer and, as the case may be, as an employee, applicable to the three financial years preceding the departure.

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

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

The principles and criteria relating to this compensation component were provided for in (i) the 2021 Compensation Policy for the Deputy Chief Executive Officer and (ii) the Compensation Policy for the Chief Executive Officer for the financial year ending December 31, 2022 – as set by the Board of Directors on March 24, 2021, on the recommendation of the Compensation Committee, in anticipation of the separation of roles of the Chairman and Chief Executive Officer and approved at a rate of 95.14% by the Shareholders' Meeting of May 26, 2021 – and remain unchanged in the 2022 Compensation Policy for Christophe Périllat.

Therefore, in his capacity as Deputy Chief Executive Officer and subsequently Chief Executive Officer, Christophe Périllat will not receive any multi-annual variable compensation, compensation or benefits on appointment, or exceptional compensation.

Christophe Périllat does not receive any compensation in his capacity as a director. He is not entitled to any compensation or other benefits as a result of agreements entered into with the Company or any Group company.

In addition, no stock purchase or subscription options or other long-term compensation component other than performance shares will be allotted to him in 2022.

In accordance with Articles L.22-10-8 and L.22-10-34 of the French Commercial Code, the variable compensation of the Deputy Chief Executive Officer and the Chief Executive Officer for any given year will only be paid once the fixed, variable and exceptional components comprising the total compensation and benefits paid or awarded to the Deputy Chief Executive Officer and the Chief Executive Officer for that year have been approved by the shareholders at an Ordinary Shareholders' Meeting (*ex post* vote).

Lastly, after consulting the Compensation Committee and, if applicable, the other specialized Committees, the Board of Directors will have the discretionary power, in the event of exceptional circumstances and on a temporary basis, to adjust the internal quantifiable objectives relating to the annual variable and long-term compensation components of the 2022 Compensation Policy for Christophe Périllat. The events that could give rise to the use of this possibility are in particular any event beyond Valeo's control that cannot be reasonably foreseen or quantified at the time of the determination of the compensation elements and that has an impact on the automotive industry during the 2022 financial year, such as the Covid-19 epidemic, the components crisis and the increase in the price of raw materials and energy, as well as geopolitical tensions (e.g. conflict between Russia and Ukraine) and their consequences.