

NEW SCALE NEW AMBITION

2021 ACTIVITY AND SUSTAINABLE DEVELOPMENT REPORT



SMART TECHNOLOGY
FOR SMARTER MOBILITY

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11 billion euros – that's how much Valeo has invested in **R&D** over the last five years. This has enabled the Group to considerably strengthen its technological leadership in the fast-growing markets of **electrification, driving assistance systems (ADAS), lighting and reinvention of the interior experience**. Over the past decade, Valeo has successfully transformed into a tech company at the forefront of all the revolutions currently shaping mobility. Its unique capacity for innovation has made it the world's leading French patent applicant, all sectors combined. In 2021, Valeo once again demonstrated its operational excellence, with the distinctive achievement of honoring deliveries to all customers, despite the chip shortage that took such a heavy toll on global automotive production. Valeo is perfectly positioned to continue paving the way for **tomorrow's mobility**.

“VALEO HAS UNDERGONE HUGE CHANGES IN SIZE AND PACE.”



JACQUES ASCHENBROICH*

CHAIRMAN OF THE BOARD OF DIRECTORS SINCE JANUARY 26, 2022

* Jacques Aschenbroich was Chairman and Chief Executive Officer until January 26, 2022 and has been Chairman of the Board of Directors since that date.

How would you describe 2021?

The biggest challenge in 2021 was the global shortage of electronic components. In this difficult environment, Valeo nevertheless managed to supply all of its customers without exception. Our teams did an absolutely magnificent job, constantly adapting and identifying alternative solutions, and this certainly did not go unnoticed by our customers. This is a great source of pride. At 17.3 billion euros, our 2021 sales were slightly above the objective we set for ourselves (between 16.9 billion euros and 17.2 billion euros), and up 5% compared with 2020. In addition, our EBITDA margin came in at the top end of our target range at 13.4%, thanks to our strong operating performance and strict cost control. This exceptional performance in a challenging market environment wouldn't have been possible without the outstanding commitment of all Valeo employees, whom I would like to thank once again.

What will you remember from your 13 years at the head of the Group?

During the 13 years that I was lucky enough to lead this company, Valeo has undergone a radical transformation from a traditional automotive supplier to a tech company at the heart of the mobility revolution. Since 2009, Valeo has undergone huge changes in size and pace. Our sales have more than doubled, our workforce has grown from 45,000 to more than 100,000 employees, and we have developed an international presence, particularly in Asia. Above all else, we have a truly unique positioning at the epicenter of the transformations shaping mobility. We have established ourselves as the world leader in each of our major - electrification, ADAS and lighting. We have never stopped accelerating or pursuing innovation.

What are the main challenges for 2022 and beyond?

I believe that what will set companies apart in the future is, of course, technology and talent - and Valeo obviously holds all the cards in this respect - but also, and most importantly, the pace and speed of execution. I am confident that, under the leadership of Christophe Périllat, Valeo will be able to maintain the pace necessary to remain an undisputed automotive industry leader. Christophe Périllat is the natural leader to guide Valeo towards new achievements and new horizons consistent with our strategy and values, while preparing it for the challenges of 21st century mobility.

The year 2021 was also significant for Valeo due to the announcement of its carbon neutrality plan...

Fighting global warming is firmly embedded in Valeo's DNA and has been an integral part of our strategy since 2009. We are a signatory to the "Business Ambition for 1.5°C" campaign and were also the first automotive supplier to issue a sustainability-linked bond, for a total of 700 million euros. So it seemed natural that Valeo commit to becoming carbon neutral by 2050, and reaching 45% of this objective by 2030. To put it in concrete terms, in less than ten years we will have nearly halved our carbon footprint across our entire value chain - that means emissions from our plants, our manufacturing processes and our energy supply, emissions from our suppliers and emissions relating to the end use of our technologies. Carbon neutrality is a major challenge that requires a vast transformation for an international group like ours, which has nearly 200 plants and thousands of suppliers across the globe, and which equips tens of millions of vehicles every year. As we already began this process a long time ago, we will succeed and will be well on the way to achieving our objective by 2030. This commitment is our contribution to a major societal issue - the fight against global warming. It's a natural extension of what we have already achieved, and it's our responsibility as a major player in mobility.

“WE HAVE NEVER STOPPED ACCELERATING OR PURSUING INNOVATION.”

JACQUES ASCHENBROICH

CHRISTOPHE PÉRILLAT

CHIEF EXECUTIVE OFFICER



In January 2022, you officially took over as head of Valeo, more than 20 years after joining the Group. It's a huge responsibility. I am very proud and excited to have been appointed Chief Executive Officer and I would like to thank Jacques Aschenbroich and the Board of Directors for the trust they have placed in me. Jacques did an outstanding job over his 13 years at the helm, profoundly transforming Valeo and preparing it to meet the changes taking place in mobility. It's now time for us to enter a new race in a different environment, but always with the same ambition of taking Valeo to the next level, further along the road to sustainable mobility. The automotive industry is currently experiencing a profound and rapid transformation. And it's changing for the better, leading us into a world of safer, carbon-free mobility. It's a great opportunity both for humankind and for Valeo, which is ready to rise to the challenge after its massive investment in electrification and ADAS, the two areas that will pave the way for the mobility of the future.

You unveiled your new strategic plan only a month after your arrival at the head of Valeo. Can you sum it up for us in a few words?

I was keen to lay out my roadmap and my ambitions for the Group very early on, because the automotive industry is changing at an unprecedented, accelerating pace. Thanks to our Move Up strategic plan, Valeo will accelerate to capitalize on the mobility of tomorrow: we are building a Valeo that is stronger technologically, more efficient operationally and even more solid financially. With Move Up, we will be even better positioned to leverage the hyper-growth forecast for the electrification and ADAS markets over the next 15 to 20 years. We are aiming for sales of 40 billion euros by 2030. That's more than double today's figure. More specifically, we are moving up a gear and strengthening our positioning in four key areas – electrification, ADAS, reinvention of the interior experience and lighting.

What opportunities and prospects do these four mobility megatrends represent for Valeo?

Electrification will continue to grow substantially, with the market set to triple in size to nearly 90 billion euros by 2025. That's huge. And that growth will power sharp growth in our Powertrain and Thermal Systems businesses. Acquiring all the shares in our joint venture with Siemens and integrating the entity within Valeo was a way of preparing for this transformation and ensuring that we are in a position to act as quickly as possible. The market for ADAS is also poised for significant growth in line with the pursuit of safer mobility. Our teams are making a big contribution to this acceleration by developing sensors, software and artificial intelligence that are key to safer driving. In the last 30 years, Valeo has delivered 1.5 billion sensors to the automotive industry. And we will deliver precisely 1.5 billion more in the coming five years. Electrification is also transforming car design by allowing more room for lighting. Electric vehicles aren't encumbered

with a radiator grille at the front, giving designers incredible freedom to invent a new lighting signature that reflects brand identity. Lighting is also being used differently, for example, to enhance safety for other vehicles, cyclists and pedestrians by tracing out each curve in the road, and guiding and alerting road users. The last megatrend is the reinvention of the interior experience, which is set to be an increasing source of competitive differentiation. Passengers increasingly want to feel as if their car were a personal cocoon where they feel both at home and safe, where they can relax and stay connected with their loved ones and their surroundings. In this area too, we have the technologies needed to keep up with the acceleration of this market by ensuring car connectivity and providing extra safety, greater comfort, and new interior experiences.

“MY AMBITION IS CLEAR: TO TAKE VALEO TO THE NEXT LEVEL, FURTHER ALONG THE ROAD TO SUSTAINABLE MOBILITY.”

CHRISTOPHE PÉRILLAT

Tomorrow's world looks set to be even more complex, as signaled by record inflation and the war in Ukraine. How do you see things for Valeo?

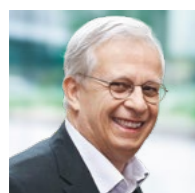
The day I was appointed Chief Executive Officer of Valeo, I explained that the transformation of our world and our industry would not be without its difficulties, as things move very fast and the world is increasingly complex, extremely globalized and therefore highly interdependent. Valeo's three core values – courage, agility and solidarity – are precisely the assets that will give us the resilience to remain strong in 2022 and beyond, just as we did in 2020 in the face of the Covid-19 pandemic and in 2021 with the semiconductor crisis. And we are lucky enough to be driven by a mission that goes beyond ourselves as individuals, that of making mobility cleaner and safer for a better world. I believe that everyone at Valeo understands the meaning and importance of what we do. That's the real driving force behind our commitment.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

AT DECEMBER 31, 2021

The Board of Directors has 14 members (6 women and 8 men), including two Directors representing employees. As the succession of Valeo's top management came at a particularly complex time, the Board adopted the following transition plan: Christophe Périllat was appointed Deputy Chief Executive Officer and director of Valeo on May 26, 2021; he then became Chief Executive Officer, in accordance with the succession plan, by decision of the Board of Directors on January 26, 2022; Jacques Aschenbroich will remain Chairman of the Board of Directors for the remainder of his term of office, i.e., until the Shareholders' Meeting to be held in May 2023.



JACQUES ASCHENBROICH
Chairman and Chief Executive Officer



CHRISTOPHE PÉRILLAT
Deputy Chief Executive Officer



JULIE AVRANE
Chair of Clear Direction



BRUNO BÉZARD
Managing Partner of investment fund Cathay Capital Private Equity



STÉPHANIE FRACHET
Director, Bpifrance Investissement; member of the Management Committee, Bpifrance Capital Développement



MARI-NOËLLE JÉGO-LAVEISSIÈRE
Deputy Chief Executive Officer, Orange Europe (excl. France)



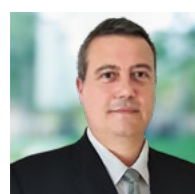
CAROLINE MAURY DEVINE
Director (various companies)



GILLES MICHEL
Director (various companies)



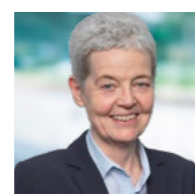
THIERRY MOULONGUET
Director (various companies)



ÉRIC POTON
Director representing employee



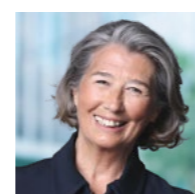
PATRICK SAYER
Chairman of Augusta



ULRIKE STEINHORST
Founder of Nuria Consultancy, and director (various companies)



GRZEGORZ SZLAG
Director representing employees



VÉRONIQUE WEILL
Chair of the Board of Directors, CNP Assurances

OPERATIONS COMMITTEE AND EXECUTIVE COMMITTEE

AT DECEMBER 31, 2021

The Executive Committee and the Operations Committee are responsible for overseeing Valeo's activities. The Executive Committee coordinates and provides guidance on the various functions of the Group's General Management. The Operations Committee reviews operational management, coordinates projects and implements the Group's strategy. On January 26, 2022, Christophe Périllat was appointed Chief Executive Officer of Valeo.



JACQUES ASCHENBROICH*
Chairman and Chief Executive Officer⁽¹⁾



CHRISTOPHE PÉRILLAT*
Deputy Chief Executive Officer⁽²⁾



GEOFFREY BOUQUOT*
President, Corporate Strategy and Research & Development



FABIENNE DE BRÉBISSON*
Senior Vice-President, Communications



ROBERT CHARVIER*
Chief Financial Officer



CATHERINE DELHAYÉ*
Chief Ethics and Compliance Officer - Data Protection Officer



XAVIER DUPONT
President, Powertrain Systems Business Group



ÉRIC ANTOINE FREDETTE*
General Counsel and General Secretary



BRUNO GUILLEMET*
Senior Vice-President, Human Resources



DETLEF JUERSS*
Senior Vice-President, Sales & Business Development



MAURIZIO MARTINELLI
President, Visibility Systems Business Group



FRANCISCO MORENO
President, Thermal Systems Business Group



ÉRIC SCHULER
President, Valeo Service



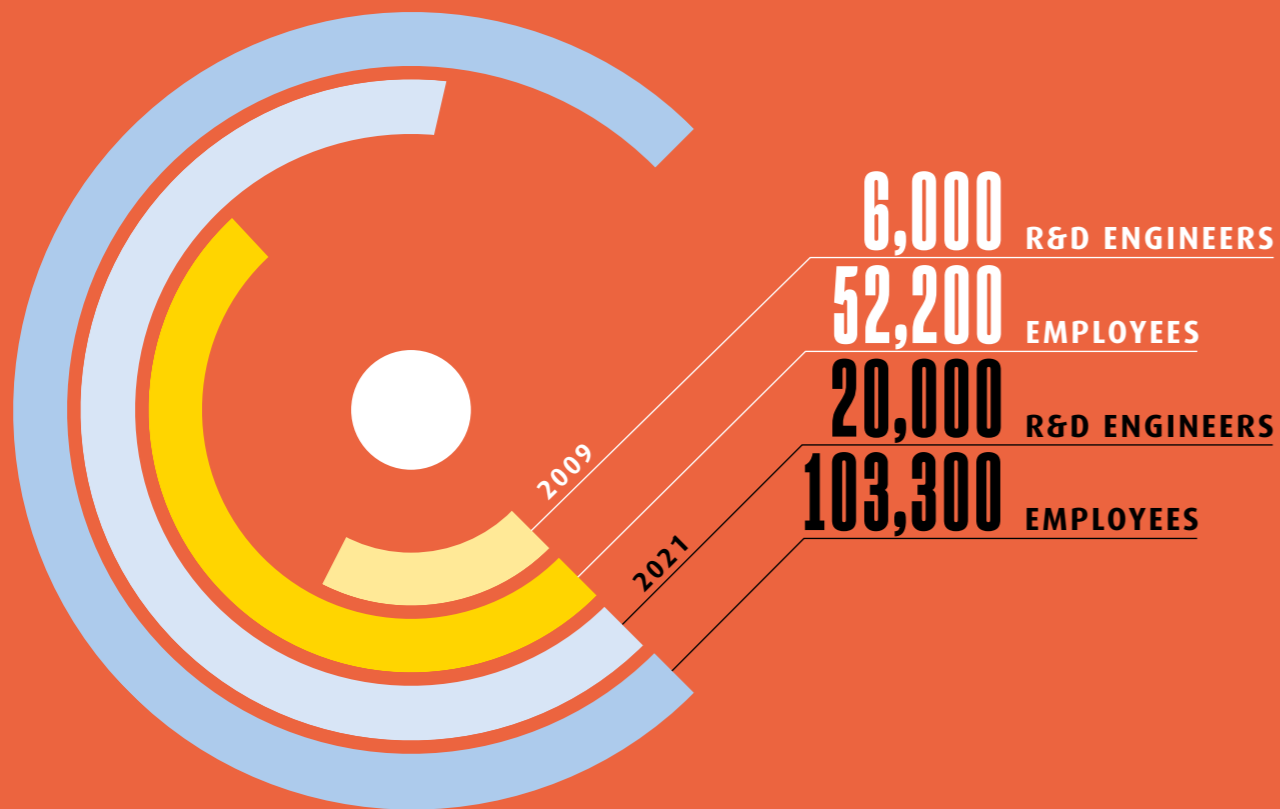
MARC VRECKO
President, Comfort & Driving Assistance Systems Business Group

* Members of the Executive Committee.

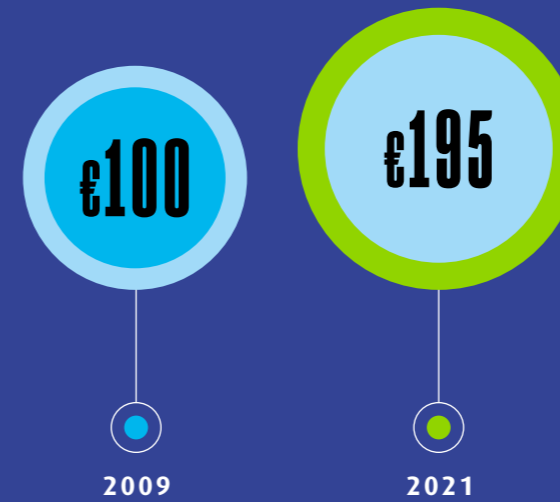
(1) Jacques Aschenbroich has remained Chairman of Valeo's Board of Directors since January 26, 2022.

(2) Christophe Périllat has been Chief Executive Officer of Valeo since January 26, 2022.

Valeo has undergone a radical transformation over the past 13 years, completely changing size and constantly accelerating. The Group has evolved from a traditional automotive supplier into a tech company with a unique positioning at the heart of the mobility revolution.

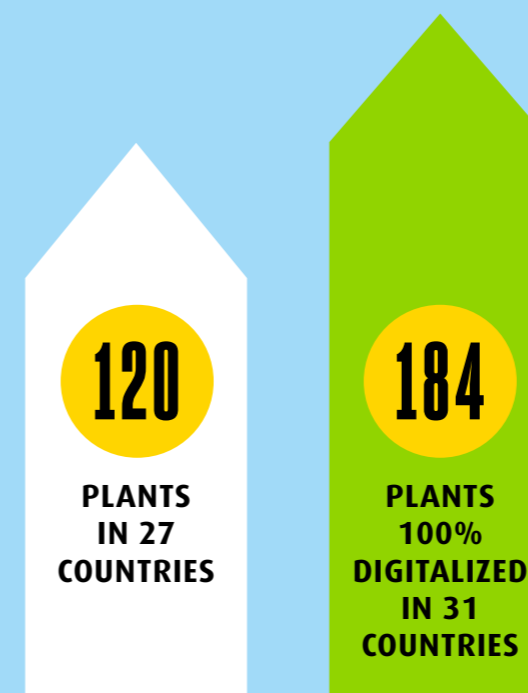


x2
VALEO CONTENT
PER VEHICLE

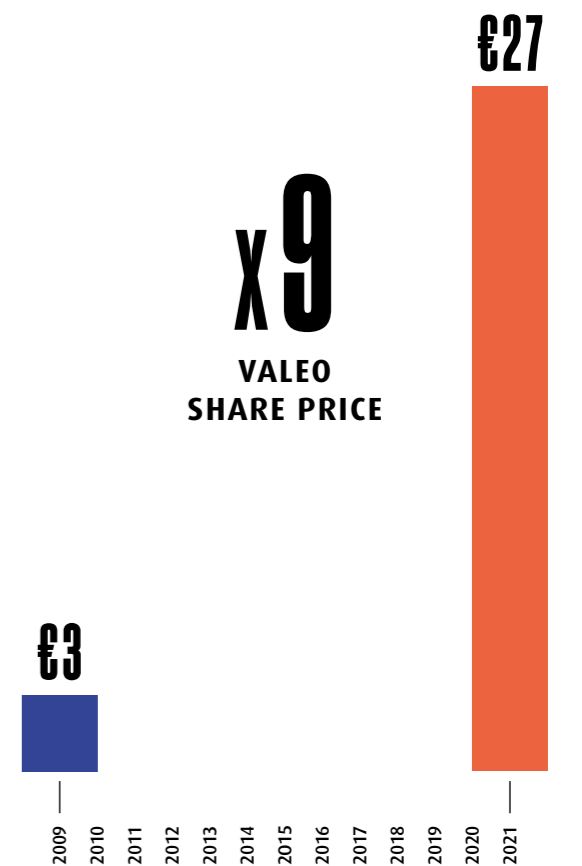


x2.3
SALES

2009 2021



x9
VALEO
SHARE PRICE



From electric powertrain systems to intelligent charging stations, from battery cooling systems to intelligent thermal comfort systems, from automatic parking systems to LiDARs that will soon make autonomous cars a reality, Valeo continues to pave the way for cleaner, safer and smarter mobility. Let's take a closer look at some of Valeo's innovations.

A futuristic car wireframe is shown on a digital grid. The car is rendered in a blue wireframe style, and the grid is composed of green and blue lines. The background is dark blue with some glowing elements.

A DECADE OF INNOVATIONS

€5BN

THE ANNUAL MARKET FOR
48V HYBRIDS IN 2030.



Originally conceived as an affordable hybrid electrification solution in the 2000s, the 48V has since been developed into an all-electric, zero-carbon powertrain solution. It was adopted by Citroën to equip the AMI in 2021, and will be applied to bicycles and motorcycles in 2022. Going forward, the opportunities for the 48V are endless. In recognition of the technology's many uses, the 48V eAccess, the latest innovation for small, light city vehicles, won the 2021 Automotive News PACE Award.

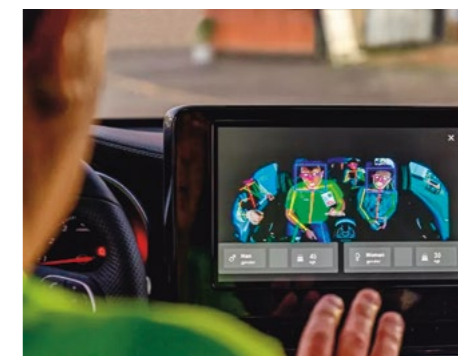
48V

ALSO POWERS NEW MOBILITY SOLUTIONS

€5BN
IN SALES IN 2025
 GENERATED BY OUR THERMAL
 SYSTEMS BUSINESS COMPARED
 WITH €3.3 BILLION IN 2021.

THERMAL SYSTEMS

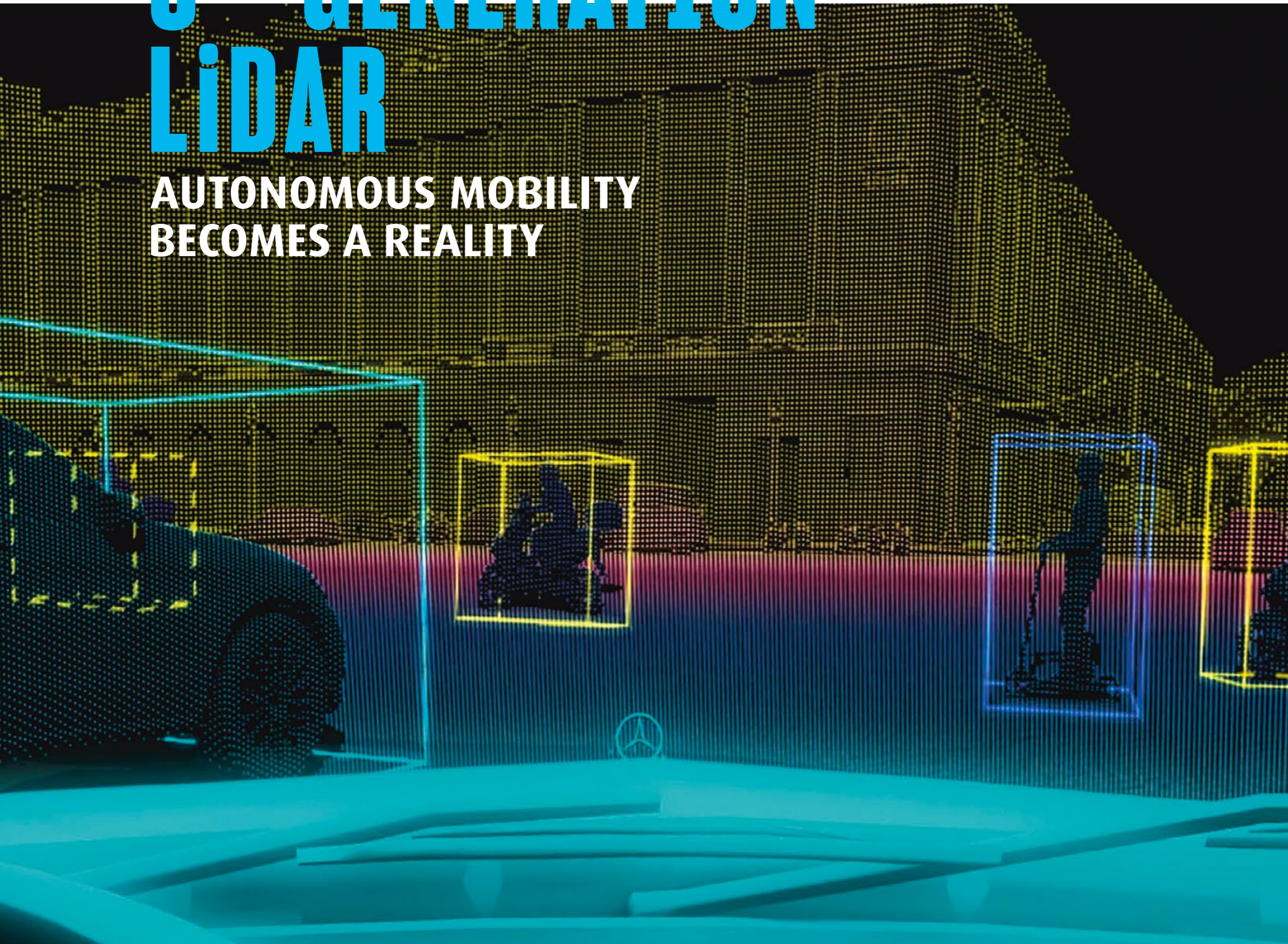
KEY TO ELECTRIFICATION



Key to the continuing development of the electric vehicle are thermal systems capable of providing thermal management for both batteries and cabin comfort. A hugely important task. Valeo has the technology solutions needed to eliminate issues such as the battery overheating during charging or excessive energy consumption for temperature regulation in the cabin, thereby preserving the vehicle's travel range.

3rd GENERATION LiDAR

AUTONOMOUS MOBILITY
BECOMES A REALITY

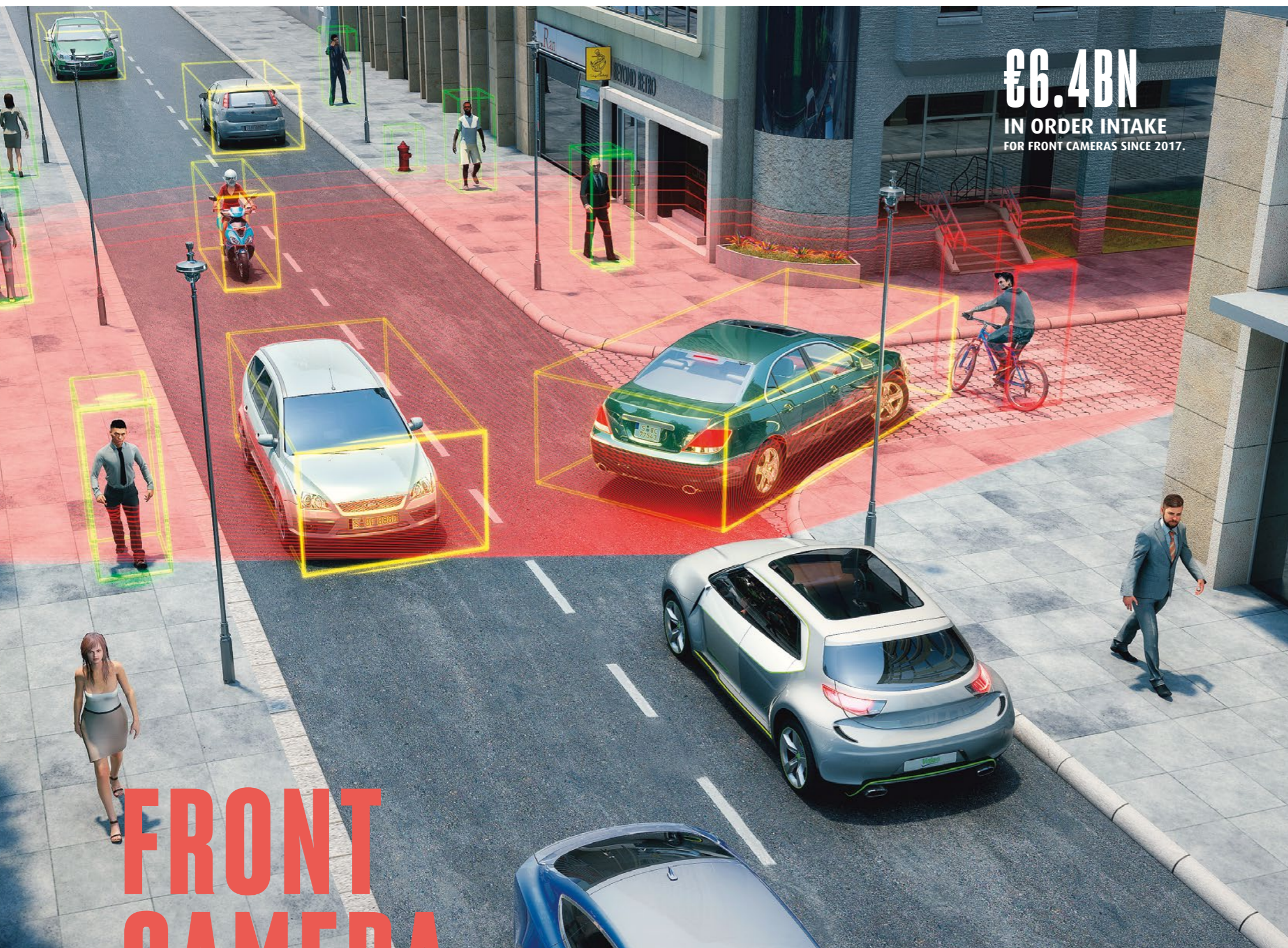


25

IMAGES/SECOND
AND RESOLUTION
MULTIPLIED BY 12.



Thanks to its unrivalled performance in terms of range, resolution and frame rate, Valeo's LiDAR scanner reconstructs what is happening around the vehicle in 3D and in real time. Its unique perception and analytical capabilities make it possible to delegate certain driving tasks at speeds up to 130 km/h on a highway. Its arrival on the market in 2024 will be a major step forward for the autonomous vehicle.



€6.4BN
IN ORDER INTAKE
 FOR FRONT CAMERAS SINCE 2017.

FRONT CAMERA

**THE EYES AND BRAIN
OF THE VEHICLE**



Front cameras are capable of monitoring traffic, helping the vehicle maintain the right distance from other vehicles, keeping the car in its lane and allowing the vehicle to brake automatically. Valeo maintains a dominant position in the front camera market, notably with its Vision Only camera. This is the first camera-based assisted driving system capable of achieving level 2 autonomy and is already equipped on a Honda model.

€6BN
IN SALES IN 2025
 GENERATED BY OUR VISIBILITY
 SYSTEMS BUSINESS.



Lighting further enhances vehicle intelligence, assisting both driver and passenger. Through light projection, it reinforces safety for other vehicles, cyclists and pedestrians by tracing out each curve of the road, and guiding and alerting road users. This innovative light projection takes on a new role by improving communication to make roads safer.

**SMART
 LIGHTING
 EVERYWHERE**



SHAPING THE FUTURE(S)

If there is one sector that is reinventing itself every day, it's mobility. Constant developments mean that mobility solutions are decarbonizing, diversifying and disrupting. Hybrid or all-electric? New generation two-wheeler or mini car? Firmly positioned as world leader, with the trust of major automakers and the commitment of its employees, Valeo is both enthusiastic and confident about the future of mobility.

PREPARING FOR THE FUTURE

MOVE UP: CAPITALIZING TODAY ON TOMORROW'S MOBILITY

In an industry undergoing radical transformation, Valeo is accelerating. Unveiled at the beginning of 2022, the Move Up plan draws on the sustainable mobility megatrends to sketch out a long-term value creation strategy and capitalize on the tremendous growth taking place in the markets. Vehicle electrification and ADAS are Valeo's strategic pillars, supported by lighting and reinvention of the interior experience.

IMMENSE GROWTH OPPORTUNITIES

The electrification and ADAS markets have two decades of hyper-growth ahead of them. They are seeing an unprecedented rate of acceleration, as they work towards lower carbon and ever safer mobility. By 2035, these two markets will be worth 200 billion and 120 billion euros respectively, which will triple Valeo's addressable market.

2025

AROUND

€27.5BN

IN SALES

2030

€40BN

IN SALES

SOLID FOUNDATIONS

Long-anticipated transformations

- ▶ Four Business Groups ideally positioned to capitalize on the revolutions shaping mobility.
- ▶ High agility thanks to the product portfolio's low exposure to internal combustion engines: less than 11% of sales in 2021, less than 4% in 2030.

A broad and diversified customer base

- ▶ A geographically balanced customer portfolio.
- ▶ Relationships with new automakers, autonomous vehicle and delivery droid developers, and tech and micro-mobility players.
- ▶ A foothold in the highly resilient and profitable aftermarket.

Electronics and software, key expertise for Valeo

- ▶ More than 10 billion euros of Valeo's sales feature electronics content.
- ▶ Thanks to its critical mass, Valeo is well positioned in the purchase, design and manufacture of electronic components.
- ▶ 40% of Valeo engineers are dedicated to software and systems.

"Move Up means building a Group that is technologically stronger and ideally positioned, that is accelerating in electrification with the integration of Valeo Siemens eAutomotive, as well as in ADAS, reinvention of the interior experience and lighting everywhere."

CHRISTOPHE PÉRILLAT

CHIEF EXECUTIVE OFFICER



PREPARING FOR THE FUTURE

MOVE UP: THE KEYS TO SUCCESS

To create value and reach its full potential in the mobility revolution, Valeo is stepping up its strategy. With Move Up, Valeo will be technologically stronger, operationally more efficient and even more solid financially by 2025.

Profitable growth

The Group will achieve further efficiency gains by reducing its costs, unlocking synergies arising from the integration of Valeo Siemens eAutomotive and capitalizing on the ultra-competitive, highly standardized platforms it has developed in recent years. By 2025, the synergies expected from the integration of Valeo Siemens eAutomotive should amount to 120 million euros on an annual basis.

Creating value and controlling debt

Move Up is about creating value, with the aim of generating free cash flow of between 800 million euros and 1 billion euros by 2025. To achieve this objective, we need to make bold choices. In a spirit of dynamic asset management and depending on market conditions, Valeo aims to divest from 500 million euros in non-strategic assets over the term of the Move Up plan. These divestitures will further strengthen Valeo's solid financial position and help reduce and control its debt, with the aim of bringing the leverage ratio to 0.7x in 2025.

4 GROWTH LEVERS TO ACCELERATE

Valeo is accelerating and strengthening its position in the four key areas of mobility.

● ELECTRIFICATION

By combining three areas of expertise in low-voltage, high-voltage and e-thermal solutions, Valeo is positioned as a champion of electric mobility. From July 2022, Valeo Siemens eAutomotive will be fully integrated into the Group, enabling Valeo to accelerate its roadmap for innovation, competitiveness and profitability. Thanks to this transaction, the Group will develop a comprehensive range of low- and high-voltage electric powertrain solutions.

17.5%

ANNUAL GROWTH FOR
THE HIGH-VOLTAGE MARKET
BY 2030.

22%

ANNUAL GROWTH FOR THE 48V
MARKET BY 2030.

● ADAS

As a pioneer in this field, Valeo has the most comprehensive portfolio of sensors on the market and develops these technologies worldwide at competitive prices.

3 IN 4

VEHICLES WILL INCORPORATE
ADVANCED AUTOMATION
TECHNOLOGIES BY 2025.

30%

OF PREMIUM VEHICLES WILL
INCORPORATE LEVEL 3⁽¹⁾
AUTOMATION TECHNOLOGIES
BY 2030.

● REINVENTION OF THE INTERIOR EXPERIENCE

For Valeo, the reinvention of the interior experience means that, on average, each vehicle will carry more Valeo products, from screens and connectivity systems to interactive surfaces and ADAS. The goal is to make driving safer, but also more immersive and connected.

90%

OF NEW VEHICLES WILL BE
CONNECTED BY 2030.

10%

AVERAGE ANNUAL GROWTH
BY 2025.

● LIGHTING

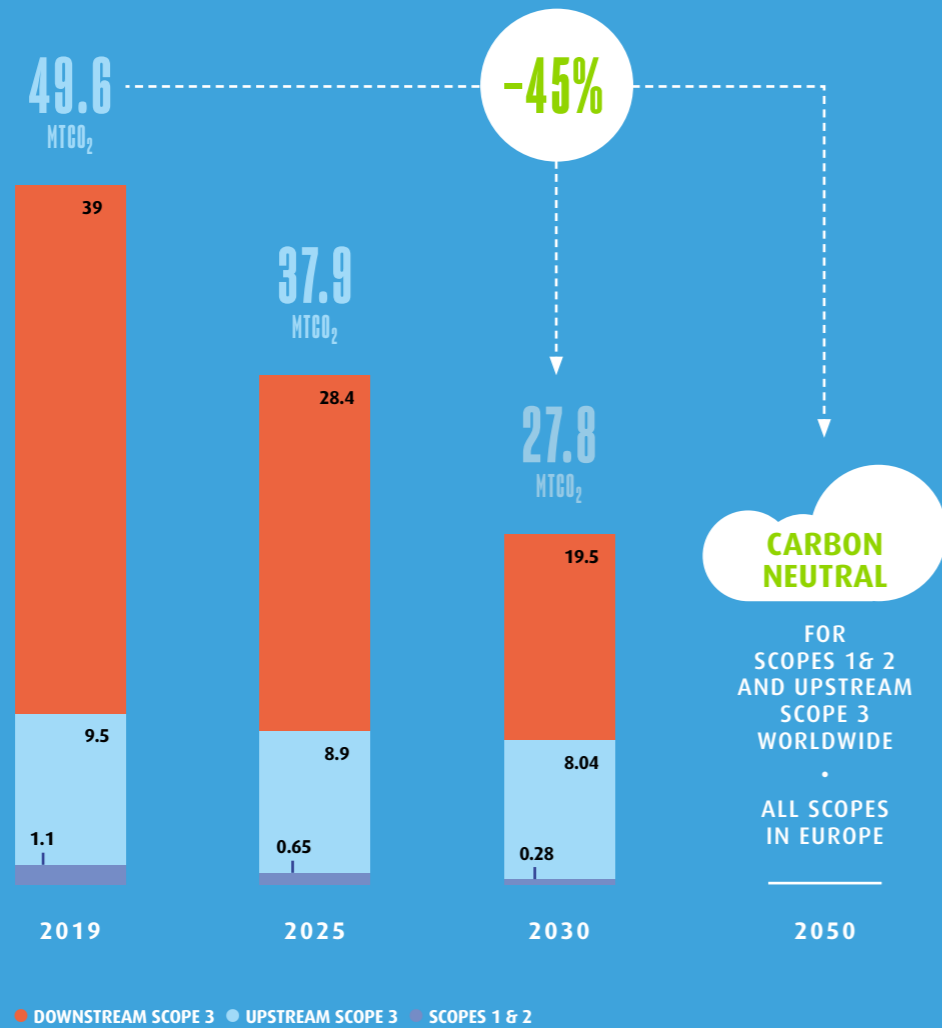
Today, lighting goes far beyond its traditional function of illuminating the road. Valeo designs and develops solutions and systems that make roads safer for everyone. The time has come for smart, high-performance, dynamic lighting that improves the safety of passengers and road users. The travel experience begins as the passenger approaches the vehicle, with 360° communication-capable lighting, and continues on board, with safe, energy-efficient smart lighting systems.

⁽¹⁾ The driver must always be ready to take back control and drive if necessary, when the system asks the driver to do so or it is clear that the correct operating conditions for the autonomous functions are no longer met.

PREPARING FOR THE FUTURE

COMMITTED TO BECOMING CARBON NEUTRAL

Valeo has a clear target: to be carbon neutral by 2050. And by 2030, the Group will be 45% of the way there. In 2021, the Group finetuned its roadmap and objectives in its "CAP 50" carbon plan. But it has been working toward this goal for a long time.



Valeo rises to the challenge of climate change

The Group is ready: it is set to almost halve its carbon footprint in less than ten years by taking action across its entire value chain. For emissions linked to its plants, manufacturing processes and energy supply, it is targeting a reduction of 75%, while emissions from its suppliers and the end use of its technologies will be reduced by 15%. These targets are aligned with the reductions needed to cap global warming at 1.5°C.

60%
OF VALEO SALES CORRESPOND TO TECHNOLOGIES THAT HELP TO REDUCE CO₂ EMISSIONS.

A direction taken ten years ago

Valeo has been committed to making CO₂ emissions reduction a driver of its growth for the past ten years. And it has been successful in doing so: thanks to 10 billion euros invested in electrification, the Group is now the industry leader in this domain. Technologies that contribute to reducing CO₂ emissions now account for 60% of its sales.

Concrete actions and forward-looking investments

More than 400 million euros will be invested to maximize the energy efficiency of the Group's sites, through the installation of LEDs and heat recovery and self-cooling systems in its buildings. The proportion of low-carbon energy in the sites' energy mix will increase from around 5% now to 80% in 2030.

€700M
IN GREEN BONDS

In 2021, the Group took the innovative step of issuing a bond indexed to a sustainable development indicator. Valeo is the first European player in the automotive industry to issue this type of bond, underlining its commitment to becoming carbon neutral.



**AROUND THE WORLD,
ELECTRIC MOBILITY IS ACCELERATING
LIKE NEVER BEFORE**

**VALEO, THE WORLD LEADER
IN ELECTRIFICATION,
IS READY**

1 IN 3

**ELECTRIC
VEHICLES**

IS FITTED WITH A VALEO
SYSTEM TO REDUCE CO₂
EMISSIONS.

>€8.9BN

**IN CUMULATIVE
ORDERS**

FOR 48V SYSTEMS BY 2021.

90

MODELS

EQUIPPED WITH HIGH-VOLTAGE
TECHNOLOGIES FROM VALEO SIEMENS
eAUTOMOTIVE WILL BE AVAILABLE
WORLDWIDE BY END-2022.

The 21st century will be electric. Urged on by the climate crisis and made a reality by technological advances, electric powertrains will quickly become the norm on city streets.

Electrification is transforming the mobility of goods and people like never before. Driven by new regulations and very proactive government strategies, the electric vehicle market is booming. In July 2021, the European Commission proposed draft legislation that would reduce CO₂ emissions from new cars in the European Union to zero from 2035, effectively ending sales of gasoline and diesel vehicles at that time in favor of all-electric vehicles. Norway's aim is for electric vehicles to account for 100% of car sales by 2025.

In India, the government's target is for 30% of private cars to be electric by 2030. California, which has set electric vehicle sales quotas for car manufacturers since the 1990s, extended the requirement to trucks in 2020.

All major automakers are creating new ranges or renewing their existing ones based on electric powertrains. Ford expects 100% of its sales in Europe to be fully electric by 2030. Volkswagen is targeting 50% electric vehicles by 2030 and "almost 100%" by 2040 in its main markets.

THE ELECTRIC MOBILITY MARKET IS ACCELERATING, SO IS VALEO

€7.5BN

IN SALES

FOR THE POWERTRAIN SYSTEMS BUSINESS GROUP, SET TO GROW FROM €4.7 BILLION TO AROUND €7.5 BILLION BY 2025.

80%

OF ORDERS

MAKING UP SALES FOR VALEO'S POWERTRAIN SYSTEMS BUSINESS HAVE ALREADY BEEN BOOKED.

11%

PROFITABILITY

FOR VALEO'S POWERTRAIN SYSTEMS BUSINESS, FROM 5.8% PRO FORMA IN 2021 TO OVER 11% IN 2025.



Valeo has formed a strategic partnership with Renault, aimed at producing powerful, lightweight electric motors without the use of magnets or rare earth metals.

Valeo and Valeo Siemens eAutomotive, in partnership with Renault Group, are to co-develop and co-manufacture a brand new type of electric motor, based on EESM (electrically excited synchronous motor) technology, which does not use magnets or rare earth metals, a resource found mainly in Asia. Valeo Siemens eAutomotive has also started work on a new power cell concept using silicon carbide-based semiconductors, which offer high power density and electric motor control, with reduced size and weight. The project is a concrete example of Valeo's drive to work hand in hand with automakers, including the phases of electric vehicle manufacturing that its customers typically handle in-house, by providing them with key technologies.

A COMPREHENSIVE RANGE OF ELECTRIC SOLUTIONS, FROM 48V TO HIGH VOLTAGE.

The electric mobility market is accelerating, with average annual growth forecast at 17.5% in high-voltage solutions and 22% in 48V by 2030. The high-voltage electrification market is expected to soar from 22 billion euros in 2021 to 92 billion euros in 2030. Some 40% of this figure will remain with automotive suppliers, representing 3 out of 10 motors, 4 out of 10 inverters and 9 out of 10 onboard chargers.

Valeo is also accelerating and intends to increase its content per vehicle to outperform the market by more than 8 percentage points over the next four years. Valeo's average content per car will increase sixfold for high-voltage electric

vehicles, and will double for 48V systems, compared with vehicles powered by internal combustion engines. With the integration of Valeo Siemens eAutomotive into its Powertrain Systems entity, the Group will cover all low- and high-voltage technologies and solutions, accelerating its technological roadmap and cementing its global leadership in the electrification market. Valeo enjoys a competitive edge in its market: it is positioned in both electric powertrains and thermal systems, which are essential for developing of high-performing, comfortable electric vehicles with an attractive travel range.



THE INTEGRATION OF VALEO SIEMENS eAUTOMOTIVE FURTHER CONSOLIDATES VALEO'S POSITION AS THE WORLD LEADER IN ELECTRIFICATION.

In early 2022, Valeo announced that it had signed an agreement with Siemens to acquire Siemens' 50% stake in the Valeo Siemens eAutomotive joint venture. As a result, after July 1, 2022, 100% of Valeo Siemens eAutomotive will be integrated within Valeo's Powertrain Systems Business Group. Valeo Siemens

eAutomotive is a recognized technology and industrial leader, present on the main mass-market and premium platforms of 21 automakers worldwide. By the end of 2022, more than 90 electric and plug-in hybrid models will be fitted with Valeo's electric powertrain systems, motors, inverters or onboard chargers.

THE NEW WORLD OF ELECTRIC MOBILITY NEEDS HIGH-PERFORMANCE TECHNOLOGIES

VALEO IS READY, OFFERING SOLUTIONS FOR ALL MOBILITY PLAYERS



In 2021, sales of electric bikes, or e-bikes, outstripped those of electric cars in the United States

100,000

E-BIKES EQUIPPED BY VALEO WITH ELECTRIC ASSISTANCE ARE EXPECTED TO BE DELIVERED BY 2024.



Valeo takes Indian tuk-tuks electric
Valeo is partnering with Atul Auto Limited to provide its 48V electrification system for the development of electric three-wheelers in India. These vehicles are widely used for first- and last-mile delivery in the country.

All forms of mobility, from bikes and scooters to driverless taxis, require 48V technology - and Valeo made a name for itself in this area very early on.



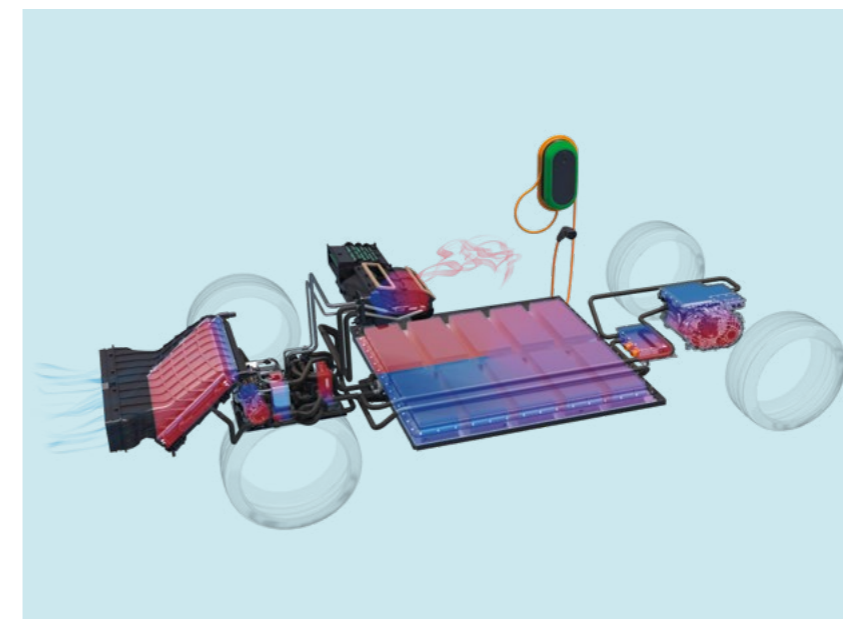
Between 2009 and 2021, Valeo's sales of electrification solutions increased 26-fold

New mobility solutions are booming and are set to be largely electric. Take e-bikes and scooters, three-wheelers in Asian markets, light urban quadricycles such as Citroën's small urban electric car that can be driven without a license, driverless taxis and delivery droids - all these vehicles run on 48V technology. The Group has already booked more than 200 million euros in orders for 48V electrification adapted to these new mobility solutions. It is aiming for 250 million euros in sales by 2025 and more than 500 million euros by 2030.



The Mercedes-Benz EQS - the flagship model in the premium automaker's electric vehicle range - is powered entirely by a Valeo Siemens eAutomotive system combining two electric motors (300kW of power at the rear and 170kW at the front), an inverter - the brain of the system - and a reducer.

EFFICIENT ELECTRIC VEHICLES CANNOT EXIST WITHOUT THE RIGHT THERMAL SYSTEMS.



As mobility is undergoing first and foremost a revolution in terms of how vehicles are powered, attention is often focused on electric systems. However, this revolution would not be possible without innovative thermal systems. Electric vehicles need the right battery thermal management system and the right heat pump to charge quickly and maintain their driving range. The thermal systems developed by Valeo offer optimal solutions to protect the battery

by heating or cooling the core of the cells to keep them at the right temperature during charging and driving. That's why, by 2025, there will be 2.5 times more thermal systems in an electric car in value terms than in an internal combustion engine vehicle. The market, which was already worth 6.3 billion euros in 2021, is set to more than triple in the next five years. It is projected to amount to 21 billion euros in 2025 and nearly 40 billion euros in 2030.

Valeo's solutions

FROM CARS TO BIKES
Valeo has revolutionized e-bike drivetrains with a unique solution, adapting its 48V technology platforms - which have until now been dedicated to the automotive industry - to fit bicycles. Based on its current order book, it will deliver more than 100,000 units in 2025.



REDUCING THE ENERGY INTENSITY OF VEHICLE HEATING
Valeo FlexHeater, a smart thermal system designed for electric cars, consumes 25% less energy than a traditional system with four passengers on board, and 50% less if the driver is the only person traveling.



**AUTONOMOUS CARS ARE JUST
AROUND THE CORNER!**

**VALEO IS ALREADY
DELIVERING SOLUTIONS
ENABLING DRIVERS
TO LET GO OF THE WHEEL**

X2

SALES
OF VALEO'S ADVANCED
DRIVER ASSISTANCE
SYSTEMS BY 2025.

19%

ANNUAL GROWTH
IN SALES OF VALEO ADAS
BY 2025.

10%

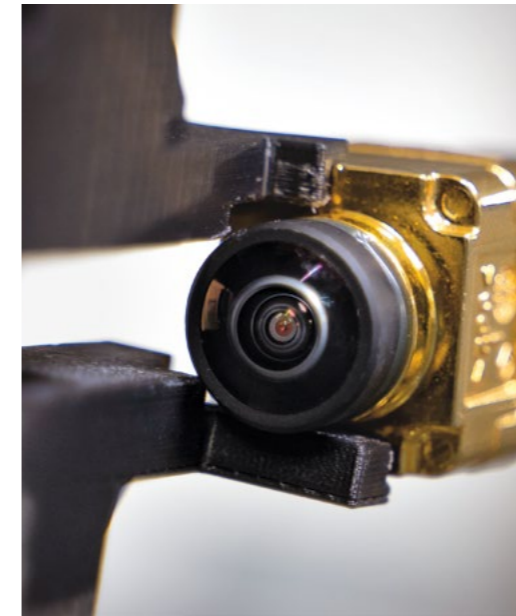
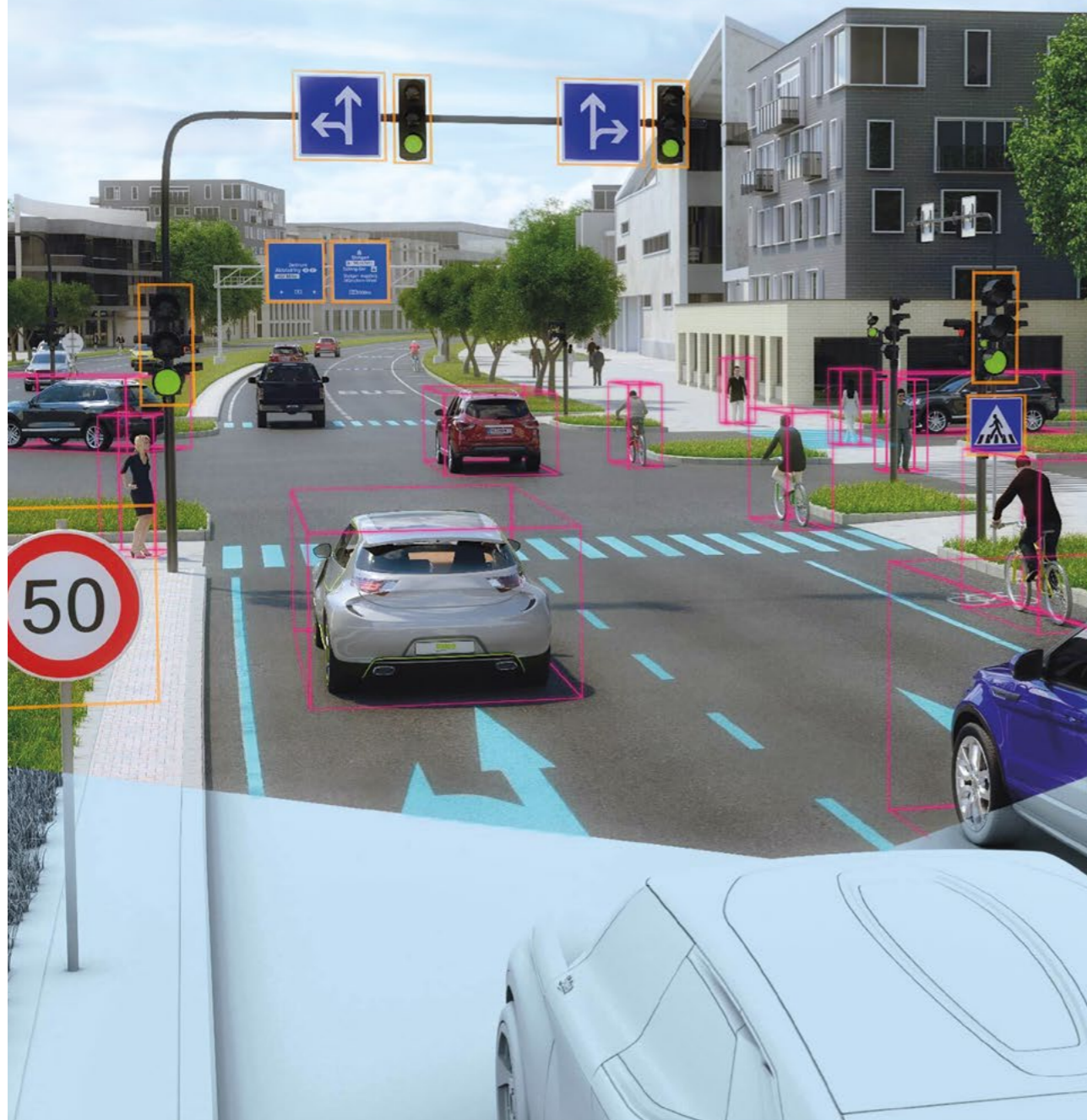
ANNUAL GROWTH
IN VISIBILITY SYSTEMS
BY 2025.

From ADAS to the onboard experience and smart lighting, the technologies are already here and are already transforming the mobility experience for drivers and passengers alike. Autonomous vehicles are within reach.

Driven by regulatory changes, the ADAS market is expected to experience unprecedented 15% annual growth by 2025. Lighting is being profoundly transformed and taking on new functions, and the interior experience is being reinvented. In Europe in particular, all new vehicle models must now include an intelligent speed assistance system and an emergency braking system that can detect an imminent collision and automatically activate the vehicle's brakes. By 2025, a quarter of new vehicles will incorporate advanced automation

technologies. In 2030, almost 90% of new vehicles brought to market will be equipped with ADAS. Up to 30% of new premium vehicles are set to reach level 3 automation by 2030. This acceleration, combined with increasingly sophisticated technologies and the emergence of new features will lead to a significant increase in average content per vehicle. And LiDAR technology plays a central part in the new world of mobility: it holds the key to taking the development of ADAS to the next level.

ADAS WITH VALEO, MOVE IN HARMONY WITH THE CITY



100M
CAMERAS PRODUCED
(REAR AND
PERIPHERAL)
VALEO, WORLD NUMBER ONE
IN AUTOMOTIVE CAMERAS.

The front camera is a valuable ally for onboard safety: it monitors traffic, analyzes the environment and informs and assists the driver.

In production since early 2020, Valeo's latest-generation front cameras, with a 100° field of vision and a high-resolution 1.7 megapixel image, have earned 5-star EuroNCAP ratings for the vehicles it equips thanks to its unique vision technology. Valeo's vision only front camera is the world's first affordable driving assistance solution to use just one camera. It enhances active safety and driving assistance features, such as autonomous emergency braking, cruise control with lane keeping assist and traffic jam assistance. A pioneer in bringing front cameras to the mass market since 2004, the Group has partnered with Mobileye since 2015 to leverage its computer vision platform.

VALEO IS A PIONEER IN ADAS AND A RECOGNIZED LEADER.

The ADAS market is experiencing hyper-growth, but it comes with barriers to entry. As a pioneer in this field, Valeo has built its leadership over more than 30 years of expertise in driving assistance since creating the first parking assistance systems in 1991. Today, it is the only automotive supplier to produce a LiDAR that meets automotive standards, combining high performance and cost compatible with the industry. Valeo can produce this technology anywhere in the world at extremely competitive prices, a strength

that applies to all areas of ADAS. Valeo has powerful virtual validation systems that save valuable time before moving on to testing in real conditions. It has the broadest portfolio of sensors (ultrasonic sensors, cameras, radars and LiDARs) on the market. The Group has developed both the "brain" that gathers and analyzes information to make the right decisions, the software that runs the ADAS, and comprehensive systems, fully integrated on board the vehicles, that support up to level 4 automation.

VALEO EQUIPS THE FIRST CARS IN THE WORLD CAPABLE OF ACHIEVING LEVEL 3 AUTOMATION.

The new Mercedes-Benz S-Class, capable of reaching SAE level 3⁽¹⁾ automation, is the first car in the world to be equipped with Valeo's LiDAR, the second-generation Valeo SCALA®. Thanks to this technology, the Mercedes-Benz S-Class can drive in automated mode in complete safety under controlled conditions – such as on suitable stretches of highway and in dense traffic (initially up to a limit of 60 km/h). In these specific situations, the vehicle takes over the driving, meaning the driver can temporarily take their attention off the road and use that time to safely focus on other activities linked to the onboard

infotainment system, such as remote communication, internet browsing and reading emails.

Valeo also received the Honda Supplier Award in the Development category for equipping the Honda Legend with its autonomous driving technologies. Honda was the first automaker to receive SAE J3016™ level 3 automation approval for its "Traffic Jam Pilot" technology in November 2020. Valeo widely contributed to this unique achievement, by supplying a high-performance onboard control unit, i.e., most of the sensors used to achieve level 3 automation.



**MORE THAN
160,000
VALEO LIDARS
ALREADY
INSTALLED
IN CARS ON THE ROAD.**

(1) The driver must always be ready to take back control and drive if necessary, when the system asks the driver to do so or it is clear that the correct operating conditions for the autonomous functions are no longer met.



Valeo's "safety bubble" for autonomous vehicles.

The Valeo NFL (Near Field LiDAR), which made its world premiere at the 2022 CES in Las Vegas, is designed for driverless autonomous vehicles such as delivery droids and driverless taxis. The technology creates a safety "bubble" around the vehicles preventing collisions with pedestrians or obstacles. When the vehicle starts, the system generates an instant, 360° vision of its surroundings. It provides redundancy with other onboard sensors, offering peripheral vision to eliminate blind spots, allowing the vehicle to change lanes in total safety, for example.



XtraVue™ Trailer gives vehicles a super power: it makes caravans and trailers "invisible".

Valeo has designed for General Motors the first technology in the world that allows drivers to see what is behind them when towing a trailer. XtraVue™ Trailer makes trailers "invisible" by using Valeo-developed cameras and software to build a single, homogeneous image from the data recorded by the vehicle and trailer cameras. The image is displayed on a screen to show the driver what's going on behind their vehicle, as if they could see right through the trailer or caravan. This innovative driving assistance technology makes towing objects simpler and safer for drivers.

Valeo's third-generation LiDAR scans the road for hazards.

Unveiled at CES 2022 in Las Vegas, it will arrive on the market in 2024. The device's primary purpose is to make roads safer. Thanks to its laser-based system, this third-generation Valeo LiDAR scanner can detect objects invisible to the human eye, cameras and radars, located at distances of 200 meters and more. It identifies everything on the road, right up to the density of falling raindrops, so that it can calculate the right braking distance. It also uses algorithms to anticipate the trajectories of surrounding vehicles and trigger the necessary maneuvers. In addition to the vehicles it will equip, this exceptional LiDAR scanner will also alert other vehicles to road hazards, meaning that all users will benefit from its unparalleled perception capabilities. Where legislation permits, these same capabilities will also allow drivers to delegate driving to the vehicle at speeds of up to 130km/h on the highway.



LIFE ON BOARD A NEW TRAVEL EXPERIENCE FROM VALEO

Like a personal cocoon - a safe, connected space - the experience onboard the vehicle is being reinvented for drivers and passengers alike.

Increasingly, consumers want to feel at home in their cars. They see them as a personal cocoon, where they feel safe, and where they can relax and stay connected with their loved ones and their environment. The market for reinventing the interior experience is set to grow at an average of 10% per year by 2025. By 2030, around 90% of new cars will be connected.

ASSIST, HELP, PROTECT AND UNBURDEN DRIVERS: VALEO IS BRINGING INTELLIGENCE ON BOARD.

Valeo is firmly positioned in the high-growth market of reinventing the interior experience, with the goal of increasing its sales in the segment from 1.2 billion euros in 2021 to more than 2 billion euros in 2025, representing average annual growth of 14%. The Group has recognized expertise in the various aspects of life on board the vehicle. Its head-up displays provide an augmented-reality vision of the vehicle's surroundings for enhanced

driving comfort. Its connectivity systems allow passengers to stay in touch with family and friends, and even bring them on board virtually. Its interactive, customizable surfaces provide a seamless interface between the car and its passengers, as well as a personalizable atmosphere for the cabin's occupants. And its driver monitoring system warns the driver of signs of tiredness or distraction.

NEUTRALIZE ODORS

Valeo Odor Free is the first neuroscience-based automotive odor neutralizer. Designed in cooperation with the olfactory research laboratory of the Weizmann Institute in Israel, the Valeo Odor Free fragrance neutralizes the perception of odors in the vehicle cabin. Quick, effective and refillable, this innovation comes into its own in today's era of shared mobility.



Valeo's thermal comfort index (TCI) is an algorithm that identifies the thermal comfort needs of each passenger based on their age, gender, clothing and metabolism.

Valeo's solutions

SEE THE CAR FROM THE SKY IN 3D

Unveiled at CES 2022 in Las Vegas, Valeo Voyage XR Panorama offers a new experience, at the intersection between real and virtual: the view from a drone... without a drone. The innovative technology displays on a screen a 3D, 360° view of the car driving down the road, as if it were filmed by a drone. With this connectivity, loved ones can see the vehicle's surroundings in 360° augmented reality using just a tablet and, with just a swipe of their fingertip, control the view from the "drone" above the car. This technology can also help with parking or remote control of autonomous vehicles.

RECONCILING SHARED MOBILITY AND SAFETY

In a world where viruses are all around us, the issue of air quality is crucial, especially in public transportation. Valeo's UV Air Purifier system eliminates over 95% of viruses during travel with passengers onboard, including Covid-19. Its effectiveness against SARS CoV-2 has been scientifically proven by the Frankfurt University Hospital and the Institute for Laser Technologies in Medicine and Metrology at the University of Ulm (ILM). The technology, which is easy to install on buses and coaches already in use, is currently fitted in more than 2,000 buses worldwide.



SMART LIGHTING FOR VALEO, LIGHTING IS EVERYWHERE AND MAKES ROADS SAFER

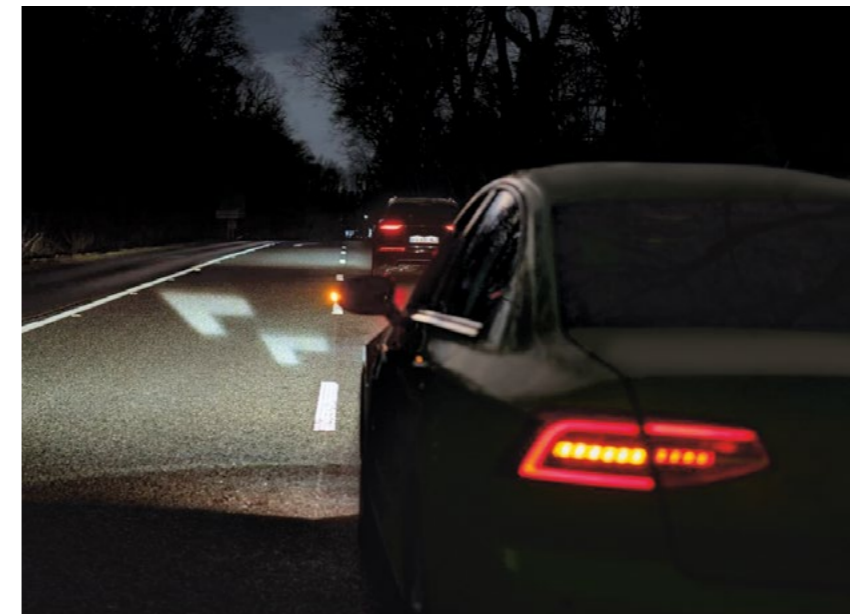
Vehicle electrification is bringing designers' focus back to lighting, which is changing to further enhance the driving experience and the vehicle's appearance.

With the phasing out of the radiator grilles that were standard in internal combustion engine vehicles, automotive designers now have the freedom to completely rethink the front end of electric vehicles and showcase the brands' signature. The result? More lighting, not only at the front, but also all around and inside the vehicle. Not only does this new approach make cars more stylish, it also enables the vehicle to communicate better with its environment. The lighting also serves to enhance driver and passenger comfort.

LIGHTING HAS MANY FUNCTIONS: IT GUIDES, ALERTS, INFORMS AND ASSISTS ITS USERS.

There's no doubt that lighting is no longer just for lighting alone. With more and more silent electric vehicles on the road and the increasing number of road users on bicycles and motorized two-wheelers, drivers need to be able to see signage and communication information more clearly. Moreover, as more autonomous cars take to the roads, vehicles will need to "communicate." The safety of other road users, especially the most vulnerable - such as pedestrians and cyclists - remains a top priority. To tackle these changes, Valeo develops high-performing, intelligent and dynamic systems as well as high-defini-

tion lighting solutions that enhance the performance of anti-glare functions and can project safety information on the ground for passengers and road users. As lighting systems become more complex, with their multiple sensors and advanced features, their architectures require greater computing power. Valeo's expertise in this area makes it a go-to partner and supplier for automakers in defining the best electrical and electronic architectures to meet the challenges of lower fuel consumption, lighter weight, and scalability through the vehicle life cycle, thanks to configurable and upgradeable software.



Valeo's solutions

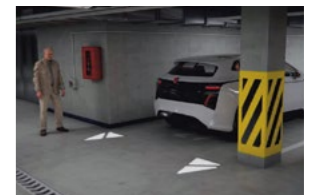
THINLENS, EXTRA-FINE AND HIGH-PERFORMANCE

With a maximum height of just 15mm, these rectangular modules are the perfect answer to the current trend for very thin projectors. Already fitted on more than 21 vehicle models, they have a standardization rate of nearly 94%.



360° COMMUNICATION- CAPABLE LIGHTING

A high-definition lighting solution that allows the driver to carefully regulate the intensity of the beam in order to avoid dazzling other road users, and also to project information onto the ground, such as bends in the road and symbols for drivers and other road users.



72%
OF FATAL
ROAD ACCIDENTS
OCCUR AT NIGHT,
WHEN VISIBILITY IS
AT ITS LOWEST.

**THE GLOBAL ENVIRONMENT
IS MORE COMPLEX THAN EVER**
**VALEO'S PERFORMANCE
HOLDS FIRM**

In 2021, Valeo delivered a very solid financial performance, demonstrating its resilience. Amid declining automotive production, semiconductor shortages and inflation, the Group was able to supply all its customers without interruption and to adapt to difficult conditions, thanks to its highly effective operating model, without calling on the financial markets – even during the 2020 crisis.

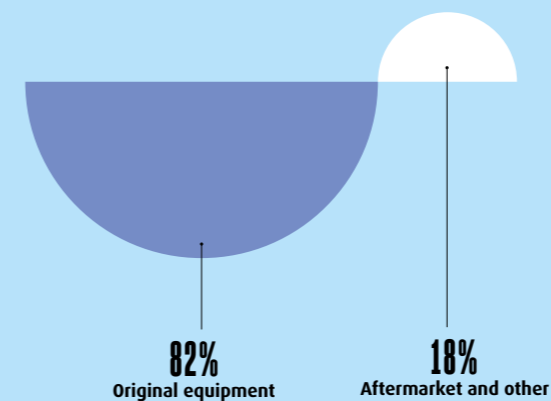
“In a challenging environment shaped by severe global electronic component shortages, which massively slowed automotive production in 2021, Valeo displayed great resilience, supplying its customers without any interruptions, keeping its costs under control and delivering a robust financial performance.”

CHRISTOPHE PÉRILLAT
CHIEF EXECUTIVE OFFICER

€17.3BN

in sales in 2021,
slightly above the target range
of between €16.9 billion and
€17.2 billion. 5% growth vs. 2020.

DISTRIBUTION OF SALES
as a % of sales



SALES
in billions of euros



€2.1BN

in sales for the aftermarket business,
which delivered a dynamic performance, up

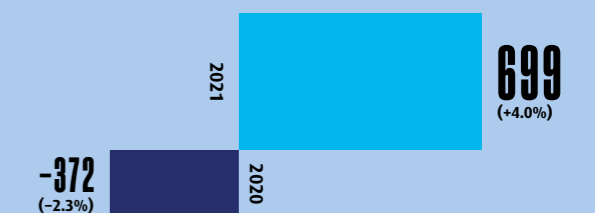
18%

compared with 2020.

The aftermarket business is growing rapidly,
with 2021 sales above pre-pandemic levels

OPERATING MARGIN

in billions of euros and as a % of sales, excluding
share in net earnings of equity-accounted companies



ORDER INTAKE

Percentage of innovative⁽¹⁾ products or systems in the order intake



⁽¹⁾ Products and technologies in series production for less than three years, including Valeo Siemens eAutomotive.

€2.3BN

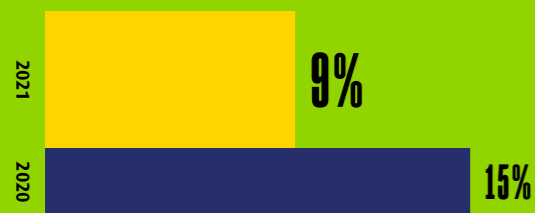
in EBITDA, at the top end of our target range at

13.4%

in line with forecasts, thanks to our strong operating performance and strict cost control.

OTHER PROFITABILITY INDICATORS

ROCE
(RETURN ON CAPITAL EMPLOYED)



DIVIDEND PER SHARE

in euros

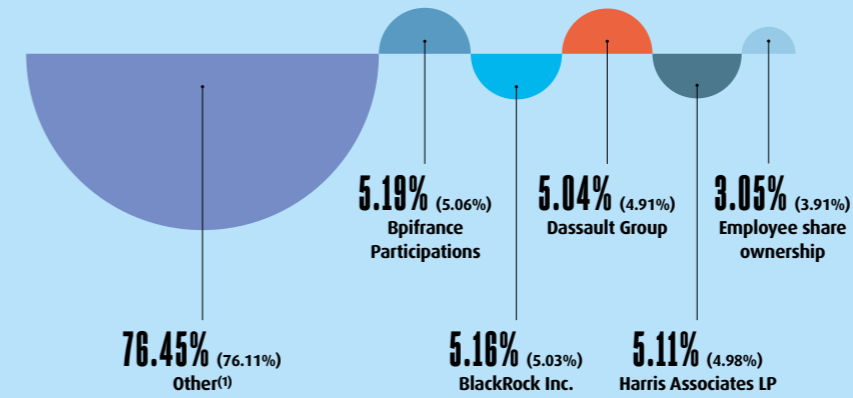


ROA
(RETURN ON ASSETS)



OWNERSHIP STRUCTURE AT FEBRUARY 24, 2022

% of share capital (% of voting rights)



242,574,781

NUMBER OF SHARES
at December 31

249,028,247

NUMBER OF VOTING RIGHTS

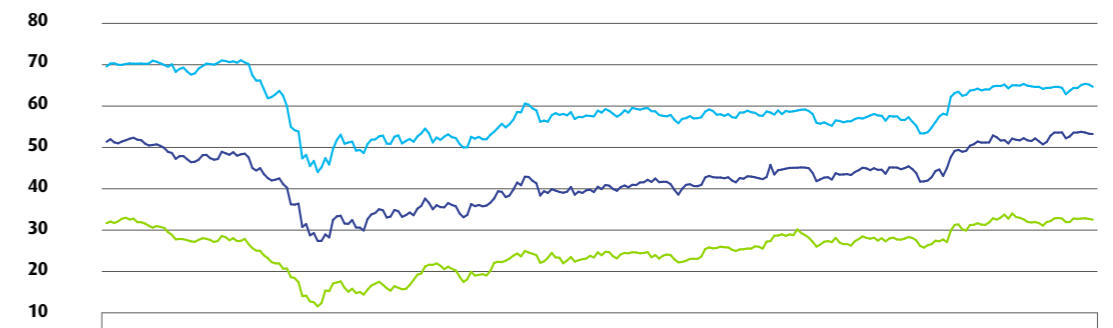
⁽¹⁾ Including 876,593 treasury shares (0.36% of the share capital).

STOCK MARKET DATA

	2019	2020	2021
Market capitalization at year-end (in billions of euros)	7.57	7.80	6.45
Number of shares	241,036,743	241,717,403	242,574,781
Highest share price (in euros)	37.02	34.05	33.66
Lowest share price (in euros)	23.06	10.51	20.47
Average share price (in euros)	28.73	24.86	27.01
Share price at year-end (in euros)	31.41	32.28	26.58

SHARE PRICE AND MONTHLY TRADING VOLUMES

in euros



DECEMBER 31, 2020

DECEMBER 31, 2021

● Valeo ● CAC 40 ● STOXX 600 A&AP (European automobiles & parts index)

**INNOVATION IS DRIVEN BY PEOPLE.
HIRING THE BEST TALENT IS KEY
VALEO IS PERFECTLY
POSITIONED
TO ATTRACT THEM
AND HELP THEM GROW**

Valeo knows that the only way to achieve its ambitions to be at the forefront of innovation, strive for excellence and guarantee consistency, is to maintain a high hiring rate in professions where competition is fierce. The Group is well prepared to do so.

Hiring talented people to further its innovation strategy

Despite the crisis, Valeo has maintained its capacity to innovate. Since Covid-19 hit, the Group has developed four major innovations: its health shield, 48V electric assistance for bicycles, and its third- and second-generation LiDAR, which equips the Mercedes S-Class. These innovative technologies require a great deal of expertise as well as strengthened teams. Hiring talent is becoming increasingly key to achieving the growth and development objectives set by the Group. To meet its significant recruitment needs for highly sought-after profiles, such as software and mechanical engineers, the Group draws in particular on its Talent Acquisition Centers (TAC), which bring together all the teams dedicated to finding and attracting talent in each country or in a particular region.

Undeniable employer appeal

Valeo can also leverage its attractive employer brand: on top of its robust performance – having supplied all of its customers on time despite the semiconductor crisis – it offers a working environment unwaveringly geared towards the invention of low-carbon mobility. These qualities meet potential candidates' search for meaningful opportunities in high-performing organizations.



17.2%

OF PEOPLE HIRED IN 2021 IN R&D (5.7% IN 2020)

This increase reflects the Group's growing commitment to innovation.



EQUALITY, AN ESSENTIAL PART OF VALUE CREATION.

Valeo's firm belief that women and men should be treated equally in all its entities dates back a long way. And it walks the walk, too: in March 2019, Valeo was the first CAC 40 company to extend the gender equality index, which is mandatory in France, to all of its host countries. Since then, progress towards equal treatment has continued apace, thanks in particular to its action plans, which are continuously monitored, and the implementation of new procedures. The aim of these measures is to instill at all levels of the corporate culture a state of mind and a way of doing things that is sustainably oriented towards equality. To this end, diversity has been an important criterion in Jacques Aschenbroich's variable compensation since 2018.

And, in 2021, the gender equality indicator was incorporated in the variable compensation policy of all Group managers. This sends a strong signal, ensuring that day-to-day decisions are based on a culture of equality, and encouraging teams to press ahead with measures that promote diversity. 2018 also saw the launch of Gender Diversity by Design, the Group's action plan designed to increase the number of women in its management bodies. Valeo has set itself the ambitious target of having 32% women on Valeo's management committees by 2030. In 2021, the rate was 20.8%, up from 19.5% at the end of 2020.

86.3

2021 GENDER EQUALITY INDICATOR

demonstrates the Group's determination to make further progress in this area, with a 4-point increase vs. 2020. The figure demonstrates Valeo's ability to go above and beyond, beating the initial target of 85.

PERSEVERANCE AND ENGAGEMENT IN RESPONSE TO COVID-19.

A rigorous and closely followed protocol to drive the recovery

Valeo maintained the highest standards at all of its sites to protect its employees. A further reinforced health protocol was closely followed throughout the Group. During the year, health committees remained in place and best practices continued to be shared across the Group, enabling the health situation to be efficiently managed through a collective effort, as confirmed by more than 200 Covid-19 audits. During each wave of the epidemic, the Group applied its full force to anticipate needs and organizational adjustments. Clusters were avoided by identifying positive cases of the virus as early as possible through testing campaigns. This meant that production could continue uninterrupted, even at the height of the pandemic. The health protocol's success was attributable to the excellent communication and exemplary attitude displayed by managers, as highlighted by employees in the internal Pulse survey.

Herd immunity goal

From vaccination centers to information campaigns in Germany, Hungary, China and at many other sites, the Group has helped to protect its employees and their loved ones. This approach, which goes well beyond the requirements, reflects Valeo's commitment to its communities. The Martos site in Spain is one such example – it organized a mass vaccination campaign for its employees and subcontractors. Organized in conjunction with the Spanish health authorities, this campaign had a decisive impact locally, as the site is one of the largest employers in the region with nearly 3,000 employees.



1.2

AN OUTSTANDING RATE

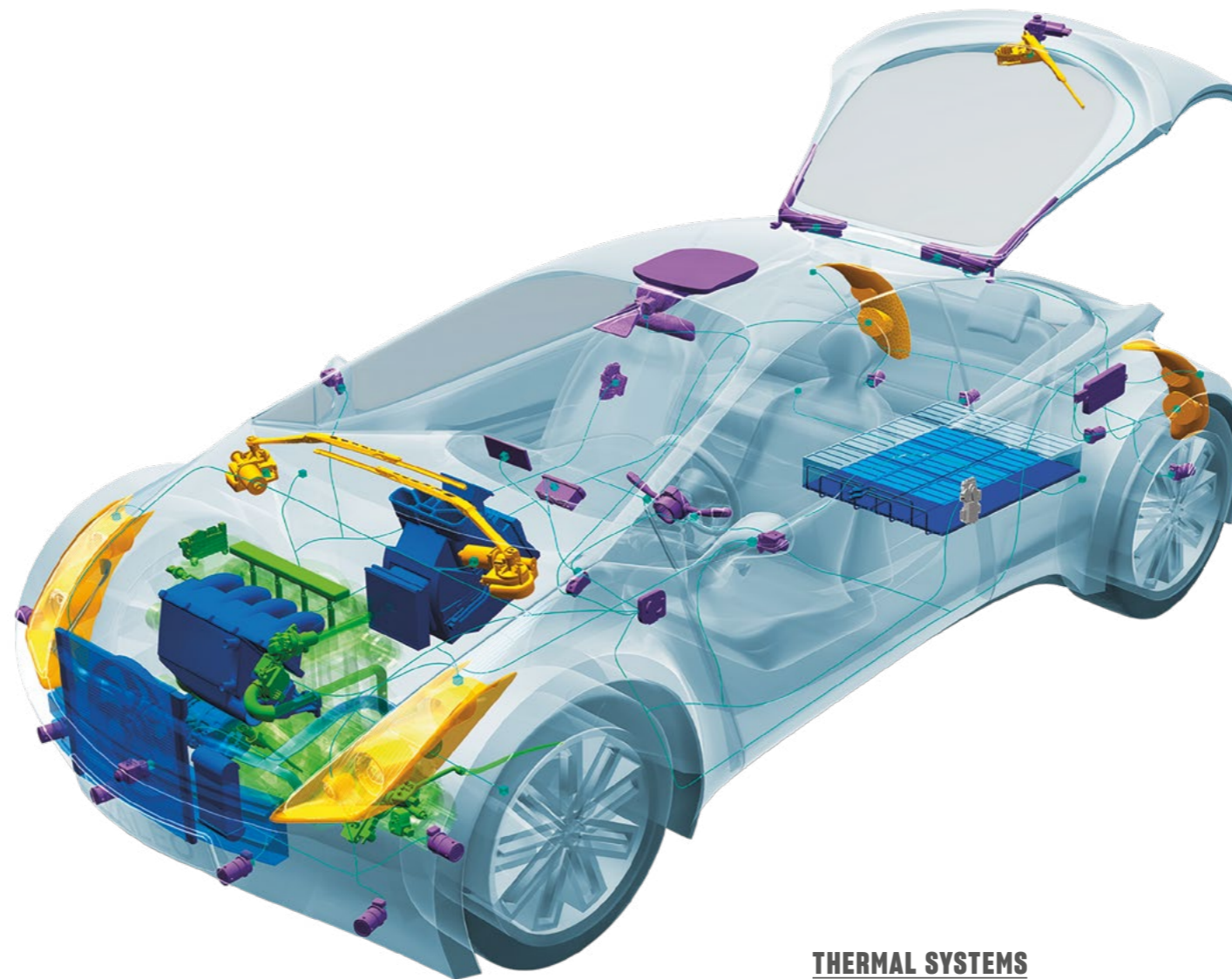
By end-2021, Valeo had already exceeded the target it had set itself to achieve a frequency rate of work accidents with lost time of less than 1.7 by 2025.



THE LOWDOWN IN 2021

4 BUSINESS GROUPS WORKING IN SYNERGY

Valeo is ready for the mobility revolution, with technologies and solutions that meet the expectations of the global market. Its four Business Groups form the solid foundations that will enable it to reap the benefits of the changes taking place in the automotive industry and the development of new mobility trends. Another one of Valeo's major assets is its aftermarket business. Resilient and profitable, this business is growing rapidly, with 2021 sales coming out above pre-pandemic levels.



COMFORT & DRIVING ASSISTANCE SYSTEMS

€3.4BN

IN SALES, REPRESENTING 20% OF TOTAL SALES

Drivers want their car to be an integral part of their digital lives. At the same time, the regulatory environment demands ever safer vehicles, with automated driving now a reality thanks to increasingly affordable technology.

With this in mind, the Comfort & Driving Assistance Systems Business Group focuses on developing intuitive controls, connectivity and automated driving solutions, making mobility safer and more enjoyable for all.

VALEO'S MARKET CONTRIBUTION

The Group boasts the most comprehensive portfolio of sensors on the market: ultrasonic sensors, radars and LiDARs, software, end-to-end systems capable of supporting automation up to level 4.

POWERTRAIN SYSTEMS

€4.7BN

IN SALES, REPRESENTING 27% OF TOTAL SALES

Combining the expertise of the Business Group's three Product Groups, and that of the Valeo Siemens eAutomotive joint venture created in 2016, Valeo manufactures comprehensive, integrated electric powertrain solutions along with a range of products designed to make internal combustion engines cleaner.

VALEO'S MARKET CONTRIBUTION

With the planned integration of Valeo Siemens eAutomotive in July 2022, Valeo will become a world leader in this market, with low- and high-voltage solutions covering absolutely every need.

THERMAL SYSTEMS

€3.9BN

IN SALES, REPRESENTING 23% OF TOTAL SALES

The Business Group's strategic objectives focus on the emerging challenges facing the mobility market in two areas:

- Providing intelligent management of electrified vehicle thermal systems.
- Offering a unique onboard experience, which takes care of the thermal comfort, health and well-being of passengers, particularly through cabin air quality.

VALEO'S MARKET CONTRIBUTION

Electrification is a major growth driver for this Business Group. Valeo is world no. 2 in this highly concentrated and rapidly growing market and already has all the technologies needed to support the upcoming acceleration of vehicle electrification. By 2025, there will be 2.5 times more thermal systems in an electric car than in a diesel-powered vehicle.

VISIBILITY SYSTEMS

€5.1BN

IN SALES, REPRESENTING 30% OF TOTAL SALES

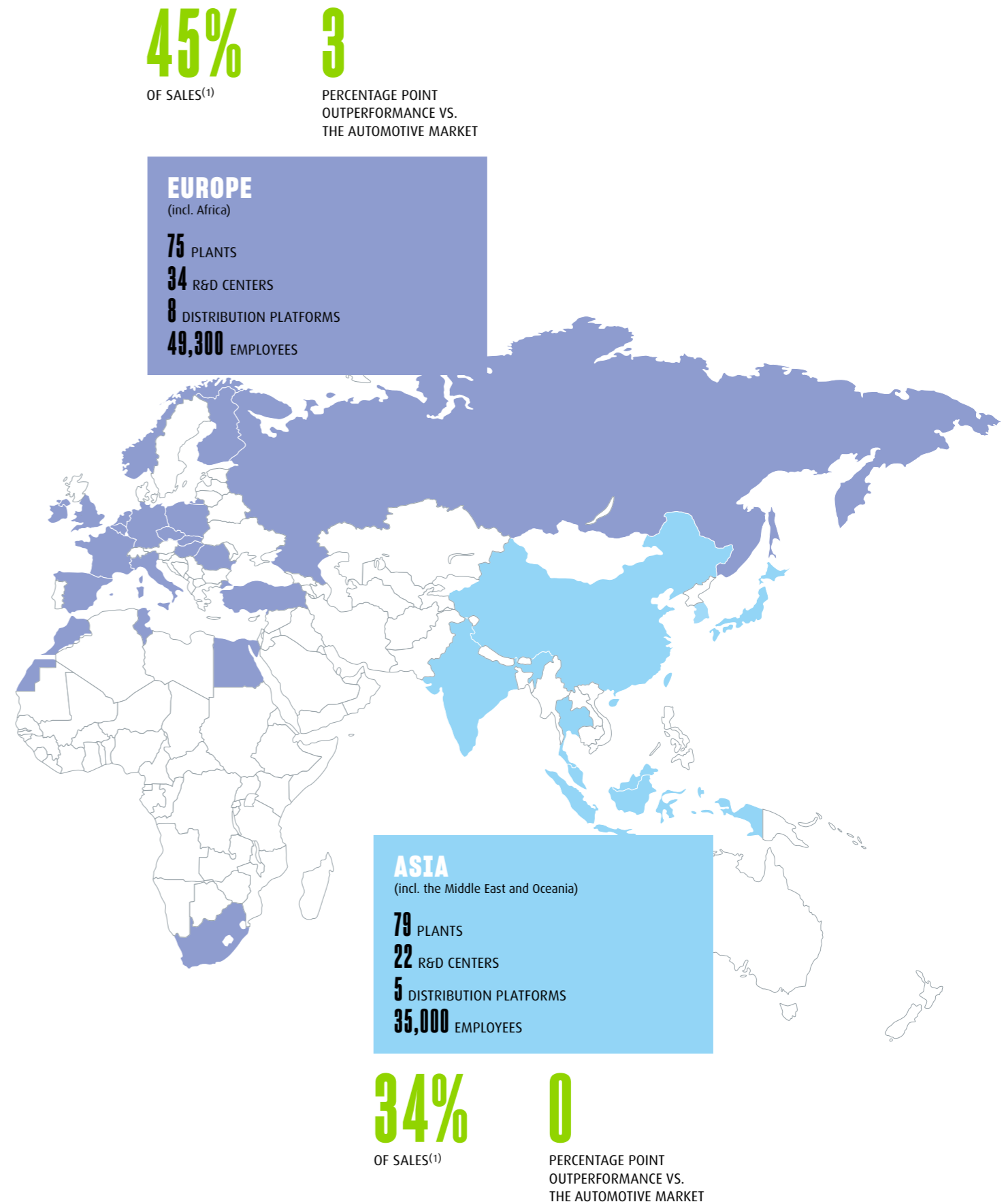
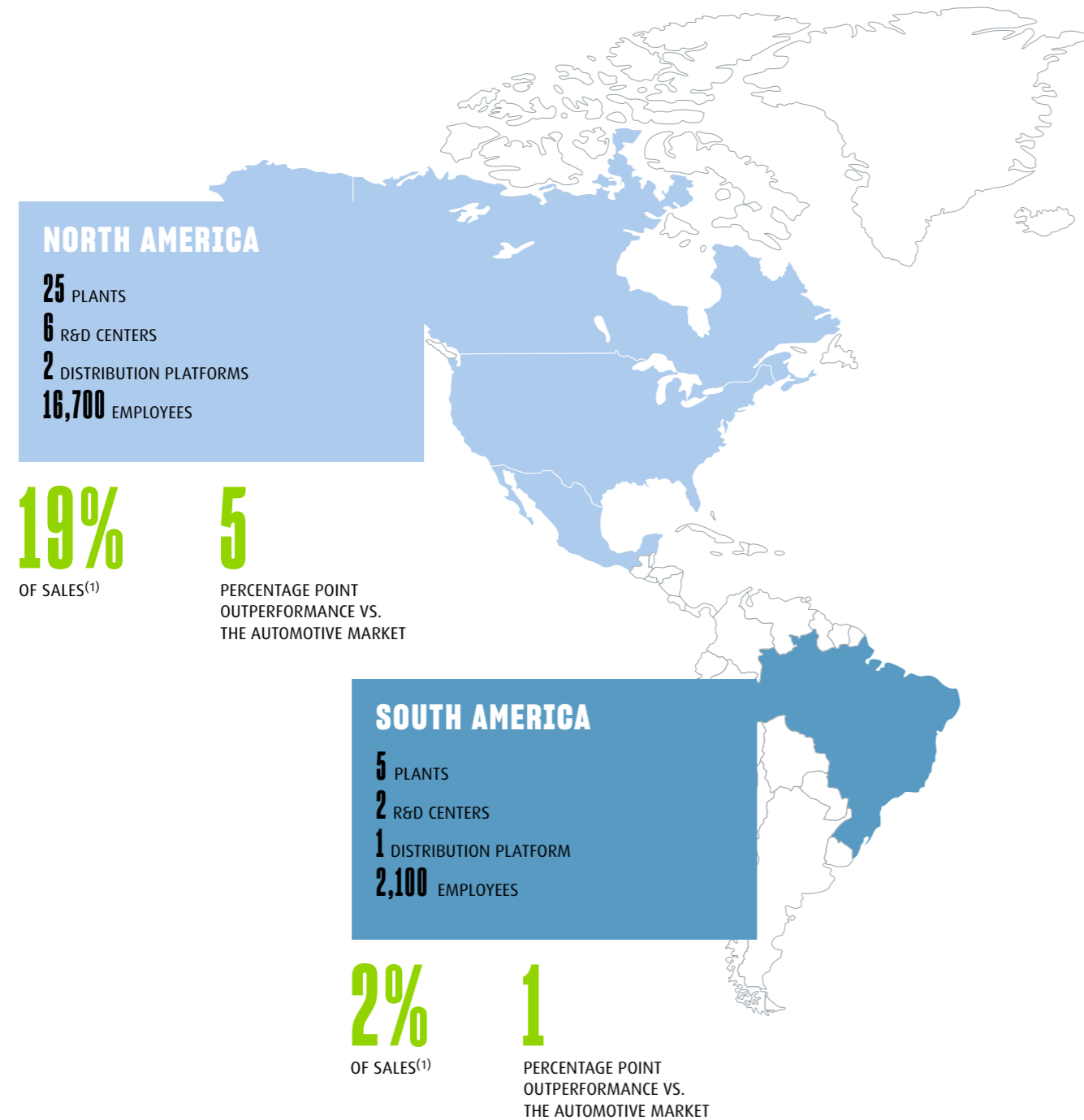
This Business Group designs and produces innovative, efficient and smart exterior and interior lighting, wiper and sensor cleaning systems to allow the driver to see and be seen in all driving situations: making sure cameras and other optical sensors work properly in all circumstances. Enhancing driver and passenger comfort by means of innovative vehicle exterior welcome features and interior lighting functions.

VALEO'S MARKET CONTRIBUTION

Sources of growth for this Business Group include new functionalities, such as the projection of light onto the road, new lighting design possibilities offered by vehicle electrification, the trend of developing lighting in and around the car and cleaning cameras for automated vehicles.

VALEO WORLDWIDE

With operations in 31 countries, Valeo has a geographically balanced customer portfolio spread across every continent, affording it excellent resilience. Its purchasing location policy and the proximity of its production and research teams to its customers enable it to build an offering that is perfectly matched to local specificities, while reducing its carbon footprint.



(1) Original equipment sales.

2021 RESPONSIBLE PERFORMANCE INDICATORS

2025 SUSTAINABLE DEVELOPMENT PLAN

Valeo has set new objectives for 2025 based on four key axes: innovation, environment, employees and commitment to corporate citizenship. This new five-year plan is in line with Valeo's Carbon Neutrality Plan announced in February 2021.

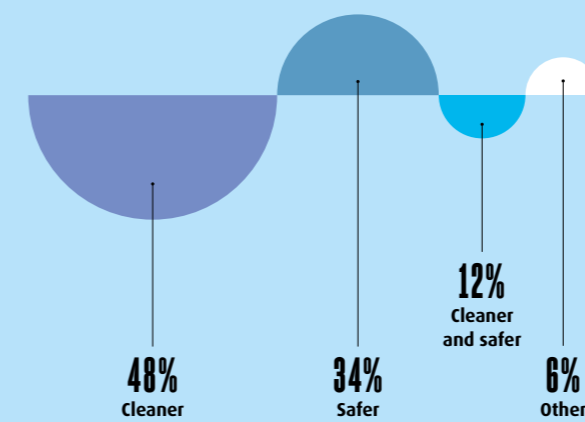
AXES	CHALLENGES	KEY INDICATORS	2019 RESULTS ⁽¹⁾	2021 RESULTS	2021 OBJECTIVES	2025 OBJECTIVES
INNOVATION	Carbon plan and low-carbon mobility solutions/autonomous and connected vehicle	• CO ₂ emissions reduction across all operating activities, suppliers and the end use of its products (Scopes 1, 2 and 3) (in MtCO ₂)	49.6	46.2	48.1	45.3
		• Share of products contributing to the reduction of CO ₂ emissions (% of sales)	57	60	>50	>50%
ENVIRONMENTAL ECO-EFFICIENCY	Energy and carbon efficiency of production	• Energy consumption as a proportion of sales (MWh/€m)	142	161 (13%)	140 (1%)	134 (-6%)
		• Direct (Scope 1) and indirect (Scope 2) emissions as a proportion of sales (tCO ₂ /€m)	57.6	45.2 (22%)	50 (13%)	42 (-21%)
		• ISO 50001 energy management certification (% of sites)	18	31	23	40%
	Discharges and waste	• Production of hazardous and non-hazardous waste as a proportion of sales (t/€m)	16.4	14.8 (-10%)	16.0 (-10%)	15 (-9%)
Water	• Water consumption as a proportion of sales (cu.m/€m)	197	204 (4%)	193 (2%)	185 (-6%)	
EMPLOYEES	Health and safety	• Accident frequency rate (FR1)	1.9	1.2	<1.9	<1 ⁽²⁾
	Promoting diversity	• Gender equality index	82.0	86.3	85	90
	Skills	• Number of hours of technical training (in thousands of hours)	1,772	1,743	2,500	3,000
	Quality of life at work	• Rate of compliance with the "Building a well-being environment" involvement of personnel roadmap ⁽²⁾	61	74	70	75%
COMMITMENT TO CORPORATE CITIZENSHIP	Purchasing and sustainable development	• Share of production purchases for which the suppliers' sustainable development practices were assessed during the year (% of total purchases) ⁽³⁾	80	82	81	82%
	Local integration	• Organization of initiatives and events by the Valeo sites with educational and vocational training institutions (% of sites)	68	70	77	85%
	Local communities	• Share of sites participating in the "One Plant, One Initiative" program	50	55	66	100%

(1) 2019 is the reference year under the new 2020-2025 plan. (2) The continuous improvement of FR1 since 2020 has encouraged the Group to adjust its 2025 target from <1.7 to <1. (3) In application of the Sustainability-Linked Bond (SLB) principles, which highlight as a second criterion the extent to which Valeo's suppliers adhere to its sustainable development principles, the Group has undertaken to increase the percentage of the smallest suppliers assessed from 2021. The assessment target of 82% of purchase volumes by 2025, set in 2019, was actually achieved in 2021, pointing to rapid progress in the granularity of the hundreds of smaller suppliers to be assessed. This is exactly the type of progress expected in the value chain, where the Group must now capitalize on deeper awareness of sustainability principles among SMEs. Constant work is done within the strict perimeters of large groups.

FROM MEGATRENDS TO INNOVATION

CLEANER AND SAFER MOBILITY IS CENTRAL TO OUR STRATEGY

% of original equipment sales derived from products contributing to cleaner and safer mobility



GROSS RESEARCH AND DEVELOPMENT EXPENDITURE

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



14,730
RESEARCH AND DEVELOPMENT
EMPLOYEES, INCLUDING

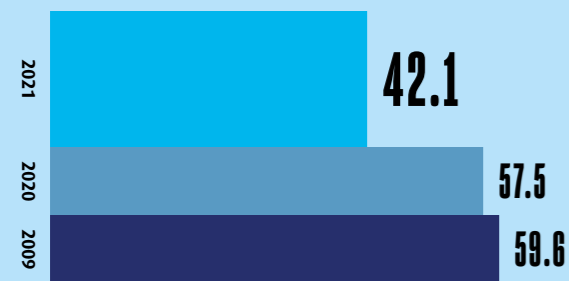
6,000
SOFTWARE AND SYSTEMS
ENGINEERS

1,377
EXPERTS

1,448
PATENTS WERE FILED WORLDWIDE
- AN AVERAGE OF NEARLY THREE INVENTIONS
PROTECTED EACH DAY

ENVIRONMENTAL INDICATORS

TOTAL DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) GHG⁽¹⁾ EMISSIONS AS A % OF SALES
(tCO₂/€m)



(1) Greenhouse gases.

ENERGY CONSUMPTION
(MWh/€m)



LABOR INDICATORS

FREQUENCY RATE OF OCCUPATIONAL ACCIDENTS⁽¹⁾ (FR1)



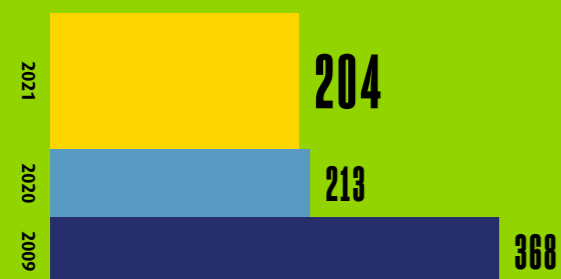
(1) Calculation of FR1: number of lost-time accidents x 1,000,000/number of hours worked during the year.

AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE⁽²⁾



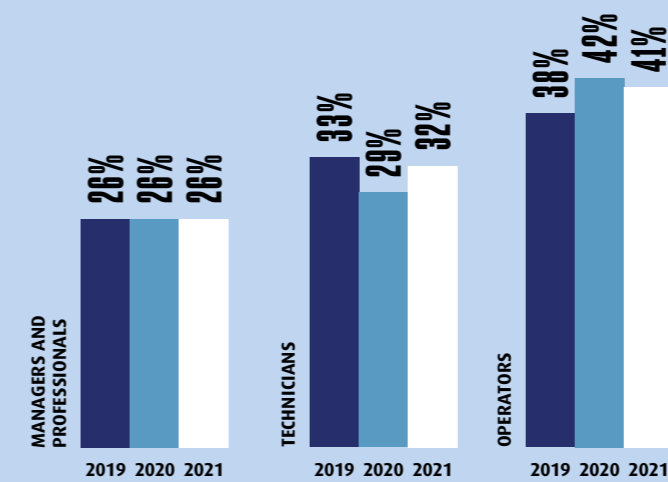
(1) Calculation of FR1: number of lost-time accidents x 1,000,000/number of hours worked during the year.

TOTAL WATER CONSUMPTION AS A PROPORTION OF SALES
(cu.m/€m)



31%
OF SITES CERTIFIED
+12 PTS
COMPARED TO 2015

PERCENTAGE OF WOMEN AMONG NEW HIRES

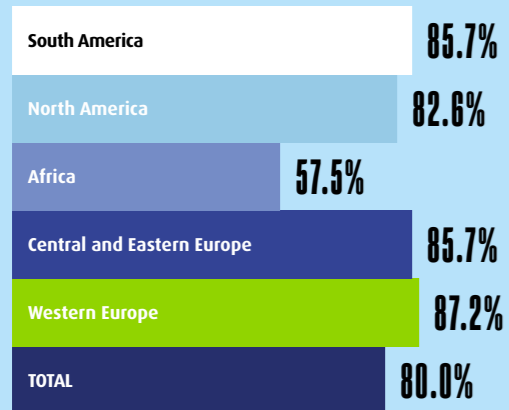


PROPORTION OF EMPLOYEES WITH DISABILITIES WORLDWIDE (DIRECT EMPLOYMENT)

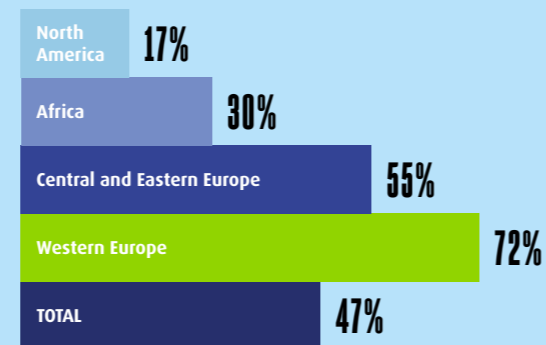


CORPORATE CITIZENSHIP INDICATORS

SHARE OF SITES PARTNERING WITH LOCAL UNIVERSITIES/ENGINEERING SCHOOLS IN 2021



SHARE OF SITES PARTNERING WITH LOCAL ELEMENTARY/SECONDARY SCHOOLS IN 2021



SHARE OF PRODUCTION PURCHASES FOR WHICH THE SUPPLIERS' SUSTAINABLE DEVELOPMENT PRACTICES WERE ASSESSED DURING THE YEAR

% of total purchases



70%
OF VALEO SITES ORGANIZE INITIATIVES AND EVENTS WITH EDUCATIONAL AND VOCATIONAL TRAINING INSTITUTIONS

SUSTAINABLE AND SHARED GROWTH

Valeo maintains close relations with its stakeholders both within and outside the company at all times. Whether customers, shareholders or potential candidates, these stakeholders rate Valeo's performance and have increasing expectations in terms of sustainable development. Fair trade practices, loyalty, integrity and mutual respect with regard to all of these stakeholders are the foundation of Valeo's current and future success.

AUTOMAKER CUSTOMERS AND DISTRIBUTORS

Design, develop, manufacture and market innovative products and systems for sustainable mobility.

EMPLOYEES

Ensure ongoing dialog with employees and the leaders of the different labor organizations and professional bodies in order to continue promoting high-quality labor relations.

CREDIT AND NON-FINANCIAL RATING AGENCIES

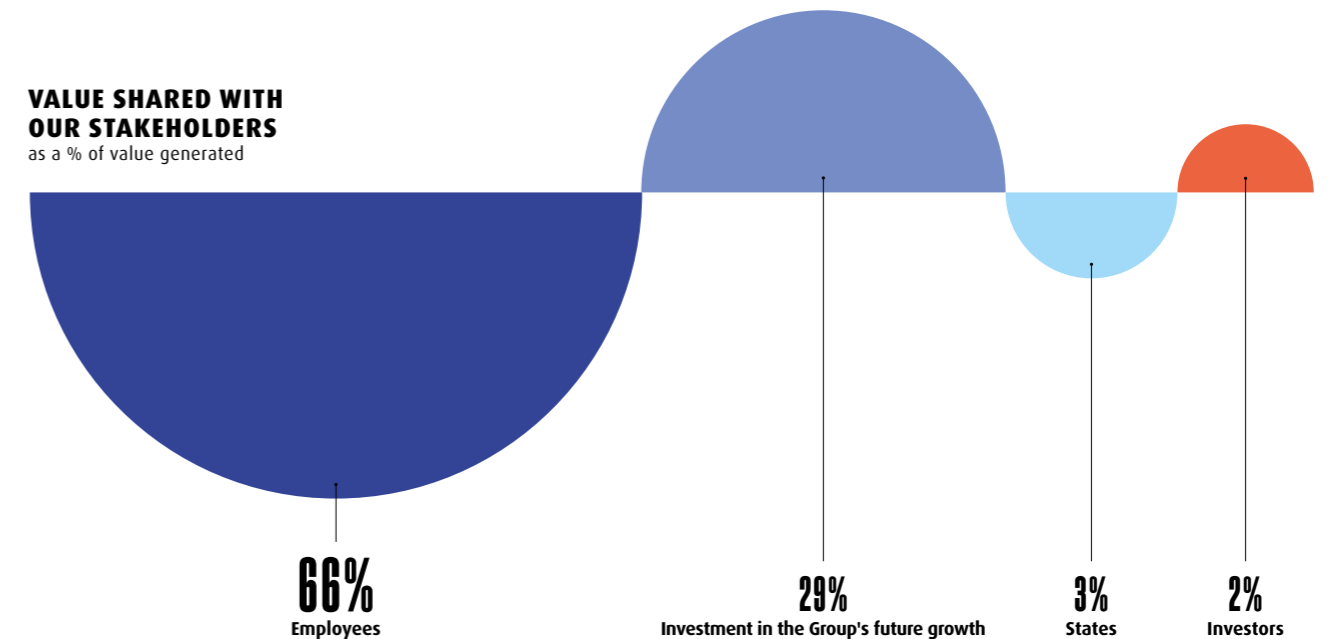
Obtain recognition for Valeo's financial, employee, environmental and social commitments.

FINANCIAL COMMUNITY AND INDIVIDUAL SHAREHOLDERS

Adopt a dialog-based approach building on the relevance, rigor and transparency of information relating to the Group's results.

VALUE SHARED WITH OUR STAKEHOLDERS

as a % of value generated



REGIONS

Ensure positive development interaction between the Group and its local ecosystem.

R&D PARTNERS

Establish cooperative and industry-oriented R&D to organize exchanges of competences, techniques and know-how.

PARTNERS AND SUPPLIERS

Cooperate and co-construct solutions in compliance with competition law and fundamental rights.

INSTITUTIONS

Conduct economic, industrial and labor dialog in compliance with national, European and international laws and regulations.



READ OUR FIRST
CLIMATE REPORT

FIND OUT MORE



DOWNLOAD
THE 2021 UNIVERSAL
REGISTRATION DOCUMENT



VISIT OUR WEBSITE AT
WWW.VALEO.COM/EN



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SMART TECHNOLOGY
FOR SMARTER MOBILITY

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