



*Free translation for information purposes only*

## **Information relating to the Chief Executive Officer's compensation for the 2022 financial year as determined by the Board of Directors on February 23, 2023**

Further to the recommendation of the Compensation Committee, the Board of Directors, at its meeting held on February 23, 2023, (i) determined Christophe Périllat's variable compensation for his duties as Chief Executive Officer for the 2022 financial year and (ii) acknowledged the degree of achievement of his pension plan's performance condition for the 2022 financial year.

It is noted that the (gross) annual fixed compensation paid by Valeo to Christophe Périllat as Deputy Chief Executive Officer and then Chief Executive Officer for the 2022 financial year totalled EUR 958,199<sup>1</sup>.

### **I. Christophe Périllat's variable compensation for the 2022 financial year**

Further to the recommendation of the Compensation Committee, the Board of Directors at its meeting held on February 23, 2023, assessed the degree of achievement of the quantifiable and qualitative criteria of Christophe Périllat's annual variable compensation in respect of the 2022 financial year.

It is recalled that the components of the Chief Executive Officer's compensation policy for the 2022 financial year have been set by the Board of Directors by anticipation on March 24, 2021, on the recommendation of the Compensation Committee<sup>2</sup>. These components were supplemented by the Board of Directors on February 24, 2022, on the recommendation of the Compensation Committee, by the variable compensation components for the 2022 financial year<sup>3</sup> (the "**2022 Chief Executive Officer Compensation Policy**").

In accordance with the 2022 Chief Executive Officer Compensation Policy, it was decided that the (gross) annual fixed compensation of the Chief Executive Officer for the entire 2022 fiscal year (*i.e.*, (gross) EUR 975,000) shall apply as the reference compensation to the annual variable compensation of Christophe Périllat.

#### **Qualitative criteria**

In order to assess the degree of achievement of the qualitative criteria set for 2022, which are described in the table below, the Board of Directors, on the recommendation of the Compensation Committee, carried out a detailed analysis of the degree of achievement for each of the criteria (see notes under the table below).

Based on this analysis, the Board of Directors, on the recommendation of the Compensation Committee, noted that the achievement rate for the qualitative criteria was 47% (out of a maximum percentage of 50%) of the (gross) annual fixed compensation of the Chief Executive Officer.

#### **Quantifiable criteria**

The quantifiable criteria of Christophe Périllat's annual variable compensation have been set by the Board of Directors, on the recommendation of the Compensation Committee, based on Valeo's budget

---

<sup>1</sup> This amount corresponds to (i) the (gross) annual fixed compensation set at EUR 725,000 for the duties as Deputy Chief Executive Officer and paid to Christophe Périllat *pro rata temporis* over the period from January 1 to 26, 2022 (*i.e.* an amount equal to EUR 48,723) and (ii) a (gross) annual fixed compensation set at EUR 975,000 for the duties as Chief Executive Officer and paid to Christophe Périllat *pro rata temporis* over the period from January 26 to December 31, 2022 (*i.e.* an amount equal to EUR 909,476).

<sup>2</sup> Approved by 95.14% by the General Meeting of May 26, 2021, under its fourteenth resolution.

<sup>3</sup> Approved by 92.25% by the General Meeting of May 24, 2022, under its thirteenth resolution. This resolution concerned (i) the compensation policy of the Deputy Chief Executive Officer for the period from January 1 to 26, 2022, and (ii) the 2022 Chief Executive Officer Compensation Policy for the period from January 26 to December 31, 2022.

for 2022 and the guidance published in February 2022.

After analysis of the results obtained, the Board of Directors, on the recommendation of the Compensation Committee, noted a rate of achievement for the quantifiable criteria of 57.3% (based on a maximum percentage of 70%) of the (gross) annual fixed compensation of the Chief Executive Officer.

Therefore, the rate of achievement of the 2022 qualitative and quantifiable criteria is 104.3% of the (gross) annual fixed compensation of the Chief Executive Officer for the 2022 financial year, *i.e.* EUR 1,016,925, out of a maximum percentage of 120% of the (gross) annual fixed compensation of the Chief Executive Officer, *i.e.* 87% in relation to the maximum allowed by the 2022 Chief Executive Officer Compensation Policy.

The variable compensation therefore represents 51.49% of the total amount of (fixed and variable) compensation due to Christophe Périllat in 2022.

The following table summarizes, in a synthetic way, the applicable quantifiable and qualitative criteria, the degree of achievement of each quantifiable criterion, the entitlement relating to each of these criteria in terms of percentage of the annual fixed compensation, and the maximum variable compensation for the financial year ended December 31, 2022:

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

Nature of quantifiable criterion	Maximum variable portion as a % of annual fixed compensation	Maximum variable portion obtained as a % of annual fixed compensation <sup>(3)</sup>	Percentage of achievement versus maximum
EBITDA	18%	8.1% <sup>(4)</sup>	44.7%
Free cash-flow	18%	15.2% <sup>(5)</sup>	84.3%
Net Income	16%	16% <sup>(6)</sup>	100%
Group order intakes	18%	18% <sup>(7)</sup>	100%
<b>TOTAL QUANTIFIABLE CRITERIA</b>	<b>70%</b>	<b>57.3%</b>	<b>81.86%</b>

Qualitative criteria

Nature of qualitative criterion	Maximum variable portion as a % of annual fixed compensation	Maximum variable portion obtained as a % of annual fixed compensation	Percentage of achievement versus maximum
---------------------------------	--	---	--

**Strategic vision**

*This criterion is assessed in particular against the following elements:*

- quality of strategic and financial communication, in particular the impact of the February 10 and 25, 2022 investor meetings, and implementation of the roadmap;
- quality of the roadmap for the Group's businesses.

14% 14% <sup>(8)</sup> 100%

**Risk management**

*This criterion is assessed in particular against the following elements:*

- compliance: measures implemented to ensure the strict enforcement of anti-corruption, anti-trust and personal data protection rules (GDPR);
- risk management related to the Group's operational excellence (management of the production plant, "red launches");
- management of inflation-related impacts;
- quality of the supplies crisis management (electronic components and raw materials).

12% 12% <sup>(9)</sup> 100%

## Corporate Social Responsibility

CSR assessed in particular against the following elements:

- overall assessment of safety performances through the number of lost-time workplace accidents. Particular attention will be paid to France in 2022 with respect to lost-time workplace accidents;
- progression of the Gender Equity Index in 2022 to an average of 87 and improvement of the Index of the countries below 75.

	12%	9% <sup>(10)</sup>	75%
<b>Cap 50</b> Gradual reduction of CO <sub>2</sub> emissions by at least 0.75 Mt per year.	12%	12% <sup>(11)</sup>	100%
<b>TOTAL QUALITATIVE CRITERIA</b>	<b>50%</b>	<b>47%</b>	<b>94%</b>
<b>TOTAL QUANTIFIABLE AND QUALITATIVE CRITERIA</b>	<b>120%</b>	<b>104.3%</b>	<b>86.92%</b>

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

(2) Including Valeo Siemens eAutomotive (VSeA)

(3) It is understood that for each quantifiable criterion, the variable portion ranges from 0% to 100% of the maximum annual fixed compensation that may be obtained for that criterion.

(4) 2022 EBITDA margin of 12.0% of the turnover.

(5) 2022 free cash-flow generation of EUR 388 million.

(6) 2022 net income of EUR 230 million.

(7) 2022 order intakes of EUR 32.6 billion.

(8) The elements considered include (subject to undisclosed information for confidentiality reasons): (i) announcement of the "Move Up" plan on February 25, 2022, implementation of the plan in 2022 in accordance with the methods and objectives presented and quality of the "Move Up" plan praised by the market; (ii) quality of financial communication recognised; (iii) no profit warning in 2022, contrary to most peers, and achievement of targets; (iv) from a stock market performance perspective, since the low point of March 8, 2022, achievement of the fourth best performance among peers (+19%); (v) successful strategic takeover of Valeo Siemens eAutomotive (VSeA), presented on 10 February 2022, with integration from July 2022, strengthening Valeo's leading position in the fast-growing electrification market; (vi) quality of technology roadmaps (assessed by order intakes and share of innovation in order intakes) with, in 2022, a strong alignment of the Group's product offering with market needs (record order intakes of EUR 32.6 billion; share of innovation in order intakes above 62%, improving compared to 2021).

(9) The elements considered include: (i) further strengthening of the compliance policy in 2022, including (a) deployment and full implementation in 2022 of the action plan on corruption risks in all regions and entities of the Group, (b) deployment of annual training on antitrust risks (general risks and new forms of competition), implementation of a self-assessment tool for risks associated with participation in events and an update of the antitrust program and (c) deployment of training and tools on personal data protection mainly for human resources and research & development; (ii) reduction in the number of "red launches" in 2022 compared to 2021 (-11%); (iii) satisfactory plant performance, enabling Valeo to maintain its guidance; (iv) limitation of the net impact of inflation in line with announced targets (EUR 200 million announced, EUR 203 million achieved) without impact on order intakes; (v) end of 2022, closing of the 8<sup>th</sup> consecutive quarter without creating any customer line stoppages.

(10) The elements considered include (subject to undisclosed information for confidentiality reasons): (i) the improvement in employee safety with, for the 4<sup>th</sup> consecutive year, a reduction in the lost-time accident frequency rate (Global and France), with the application of a discount in view of the category 1 accidents within the Group; (ii) result of the Gender Equity Index of 87.9, above the objective of 87, and significant increase in the results of some countries that were below 75 in 2021.

(11) Emission of 45.2 Mt CO<sub>2</sub> by December 31, 2022, better than the target set at 47.35 Mt CO<sub>2</sub> (excluding VSeA) as of December 31, 2022.

Pursuant to Article L. 22-10-34 of the French Commercial Code, the Chief Executive Officer's variable compensation for the 2022 financial year will only be paid after the Shareholders' Meeting called to approve the 2022 financial statements has approved the fixed, variable and exceptional components of overall compensation and benefits of all kind paid or granted to the Chief Executive Officer for the 2022 financial year (*ex post* vote).

## II. Pension plan

In accordance with the 2022 Chief Executive Officer Compensation Policy, the Chief Executive Officer benefits from an optional defined contribution pension plan, governed by the provisions of Article 82 of the French General Tax Code, as an alternative to the acquisition of rights under defined benefit pension plans. The amount of payments to be made under this plan is subject to a performance condition.

Acting on the recommendation of the Compensation Committee, the Board of Directors, at its meeting held on February 23, 2023, examined and set the rate of achievement of the performance condition for the 2022 financial year. The performance condition is considered to be satisfied met if the variable portion of the Chief Executive Officer's compensation, which will be paid in Y+1 in respect of the financial year Y, reaches 70% of the (gross) fixed compensation due in respect of the financial 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.

Given the amount of the annual variable compensation awarded for the 2022 financial year and to be paid in 2023<sup>4</sup>, the Board of Directors acknowledged that this condition had been fully satisfied.

---

<sup>4</sup> As indicated above, the Chief Executive Officer's variable compensation for the 2022 financial year will only be paid after the Shareholders' Meeting called to approve the 2022 financial statements has approved the fixed, variable and exceptional components of overall compensation and benefits of all kind paid or granted to the Chief Executive Officer for the 2022 financial year (*ex post* vote).