



Risk Management Manual

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Index	Date	Designation
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1) SCOPE

1.1 INTRODUCTION

Valeo's Risk Management Manual (RMM), drafted by the Group Risk Insurance Environment Department (RIE Dept), gathers the internal requirements, called "Directives", applicable to all Valeo sites in the following four areas:

- Health and safety at work;
- Environment;
- Safety of buildings and installations;
- Security of people, property and information.

In this manual, the term "Site" refers to the Site Director and the organization set up by the latter. This manual, which will be periodically updated, is aimed at maintaining high standards, at least equivalent to the strictest existing regulations, in order to reduce as much as possible the risks to which the sites are exposed.

The application of these Directives is obligatory for all of the Group's sites. They must allow each site to establish, on this basis and in this context, its own procedures incorporating its specific activities and risks.

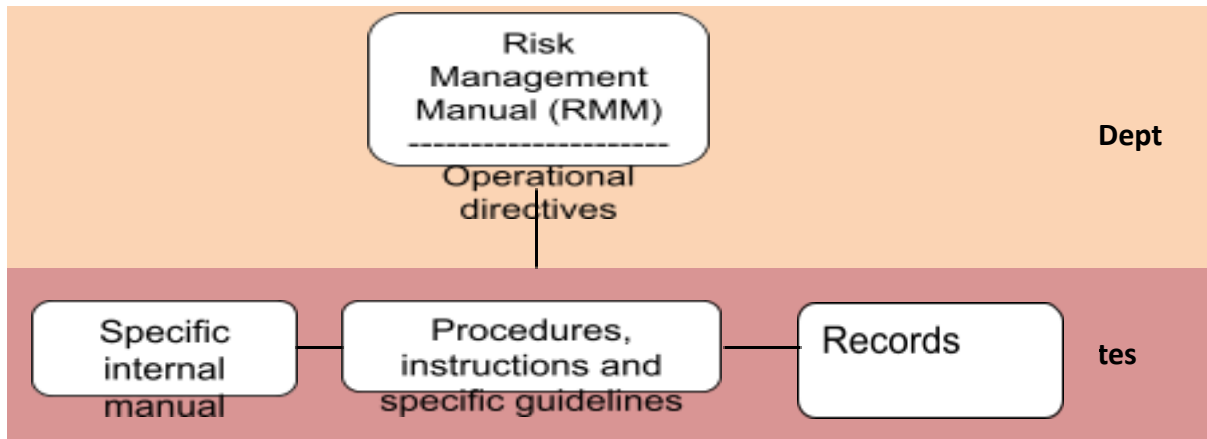
1.2 ORGANIZATION OF THE RISK INSURANCE ENVIRONMENT DEPARTMENT (RIE DEPT)

The RIE Dept has a central role in the management and control of Health, Safety, Environment and Security within the Group. It defines the risk management policy and sets up the management tools allowing sites to keep the risks related to their activity under control.

Its Director chairs the Risk Management Committee, which is made up of the HSE managers of the four Business Groups and of Valeo Service, a body that is entitled to make changes to the Group's environmental and industrial risk management policy.

1.3 ORGANIZATION OF THE RISK MANAGEMENT DOCUMENTS

The documentation relating to risk management is organized as follows:



2) VALEO POLICY

For each of the areas covered by the RMM, Valeo has established a charter that defines the Group Policy. These four charters provide the basis for sites to establish their own policy.

2.1 HEALTH AND SAFETY AT WORK CHARTER

Health and Safety at Work are priorities for Valeo.

By implementing a Work Health and Safety Management System in conformity with OHSAS 18001 and incorporated into the “5 Axes”, Valeo commits to:

- ensure the conformity of its activities with the applicable laws and regulations, as well as with Group Directives;
- evaluate the risks for the staff health and safety generated by the facilities, processes and products;
- set up the necessary means to eliminate or minimize the risks for the staff health and safety;
- train and raise the awareness of the staff regarding work health and safety risks;
- deploy a site performance measurement system to ensure the constant improvement of the Health and Safety at Work Management System;
- take into account any potential effect on staff health and safety, as from the design phase of new products, facilities and processes;
- design and maintain a business emergency and recovery management plan, based on the tool “Valeo Emergency and Recovery Management” (VERM);

- make sure that temporary workers and subcontractors apply the Valeo safety rules at each of the sites of the Group;
- encourage suppliers to meet standards equivalent to those of the Valeo policy in regard to Health and Safety at work at their sites.

2.2 ENVIRONMENTAL CHARTER

Respect for the environment and the constant improvement of its protection are priorities for Valeo.

By implementing an Environment Management System, in accordance with International Standard ISO 14001 and incorporated to the “5 Axes”, Valeo commits to:

- ensure the conformity of its operations with the applicable laws and regulations, as well as with Group Directives;
- assess the effect of the activity of its sites on the environment;
- implement the necessary means to remove or minimize its effect on the environment and biodiversity;
- train and raise the awareness of the staff regarding environmental issues and best practices to be implemented on-site;
- deploy a site performance measurement system to ensure the constant improvement of the Environment Management System;
- design, build and manage sites minimizing the generation of waste and other environmental damage;
- reduce energy consumption and optimize the use of natural resources by promoting the use of renewable energy;
- prevent pollution through the design, manufacture, packaging and recycling of products minimizing environmentally harmful effects;
- design and maintain a business emergency and recovery management plan based on the tool “Valeo Emergency and Recovery Management” (VERM);
- encourage suppliers to meet standards equivalent to those of the Valeo Environment policy at their sites;

2.3 SAFETY OF BUILDINGS AND INSTALLATIONS CHARTER

The safety of people and property is a priority for Valeo, which commits to:

- ensure the conformity of its activities with the laws and regulations, as well as with Group Directives;
- evaluate the risk as regard safety of people and property, by means of audits;

- set up the necessary means to ensure the safety of its staff, its property and third parties;
- educate and train the staff for intervention in dangerous situations for buildings and installations;
- take into account the safety of buildings and installations as from the design phase of new factories, in order to achieve the Valeo HPR level (Highly Protected Risk, according to the standards recommended by insurers);
- design and maintain a business emergency and recovery management plan based on the tool “Valeo Emergency and Recovery Management” (VERM);
- encourage suppliers to meet standards equivalent to those of the Valeo policy relating to safety of buildings and installations at their own sites;

2.4 SECURITY CHARTER

Staff, data and site security is a major concern for Valeo, which commits to:

- ensure the conformity of its operations with applicable laws and regulations and with Group Directives;
- evaluate site-specific risks by means of audits;
- implement the means necessary to protect itself from the risk of security breaches;
- develop staff knowledge relating to Security;
- take into account the security of people and property, as from the design phase of new Valeo factories. The level of security depends on the surrounding threats. Sites located in risky countries shall implement enhanced measures to ensure the integrity of people and property.
- design and maintain a business emergency and recovery management plan based on the tool “Valeo Emergency and Recovery Management” (VERM);
- ensure that visitors, suppliers and service providers comply with the security policy during their presence at Valeo sites;
- encourage suppliers to meet standards equivalent to those of Valeo’s policy relating to security at their own sites.

2.5 SITE RISK MANAGEMENT POLICY

Based on the charters established by the Group, each Site Director shall establish one or more documents promoting the site’s risk management policy.

This Policy shall be posted at the site entrance and communicated to all staff. It shall also be communicated to the service providers working on behalf of Valeo, subcontractors and visitors.



3) PLANNING

3.1 RISK IDENTIFICATION

The risk management policy of a site shall be based on the knowledge of the risks related to its activities and to the products that it manufactures.

For each of the areas (Health and Safety at Work, Environment, Safety of Buildings and Installations and Security), the Site shall evaluate the risks inherent to its activities.

The method shall be based on the following steps:

- inventory of the activities, products and services;
- risk identification;
- risk prioritization according to a scoring system;
- development of an action plan for the elimination, or reduction, of risks.

A directive (HS_20- Risk Analysis) presents the method that the Group recommends in terms of risk analysis.

3.2 LEGAL REQUIREMENTS AND OTHER REQUIREMENTS

The Site shall identify and keep up to date the legal requirements and other applicable requirements.

These requirements shall include, in particular:

- the regulations in force,
- the requirements defined by Valeo in its operational directives;
- provisions imposed by interested parties, such as specifications issued by customers, etc.;

The recording of the applicable requirements shall be in the form of a table that describes and categorizes them as follows:

- scope: Health and Safety at Work, Environment, Safety of Buildings and Installations, Security ;
- type: law, decree, order, letter, specification, etc.;
- reference: order number, date, etc.;
- applicability: application date, service or activity in question, etc.;
- summary of the requirement;

The site shall periodically perform an assessment to ensure its compliance with the applicable requirements.

The frequency shall be defined by the Site according to the importance of the requirements and related risks. A record of the assessment shall be kept.

3.3 OBJECTIVES, GOALS AND MANAGEMENT PROGRAM

It is through the definition of objectives and the resulting management program(s) that the **commitment to constant improvement**, which is the founding principle of management systems, manifests itself. Each site chooses how fast it wants to progress and thus determines the level of performance that it wants to achieve, while respecting the objectives set by Valeo.

An objective is an aim to be achieved that the Valeo site sets for itself. It must be quantified and be accompanied by one or more quantified goals whose development is monitored at regular intervals.

The objectives shall be established based on:

- objectives set by the Group;
- the site risk management policy;
- risks identified and prioritized;
- legal requirements and other applicable requirements identified;
- financial and technological options;

To achieve the objectives and goals set, the Site shall define management programs to be undertaken, as well as the human, material and financial resources to be mobilized.

These action programs shall be set up and reviewed annually, in order to ensure constant improvement in the implementation of the site Health and Safety at Work, Environment, Safety of Buildings and Installations and Security policies.

The following diagram describes the method:



Under the responsibility of the Site Director, these programs, validated through Management Review, shall allow:

- the monitoring of the action progress;
- knowledge of the progress of the site performance;
- the recording of the ensuing corrective actions:
 - inspections,
 - internal and/or external audits,
 - incidents and accidents,
 - results of the monitoring and measurement operations;
- the definition of preventive actions.

Depending on the results, if any, programs shall be amended and/or modified to reflect in particular:

- changes in the regulations;
- projects concerning new activity, product, process, procedure or service developments;

4) IMPLEMENTATION AND OPERATION

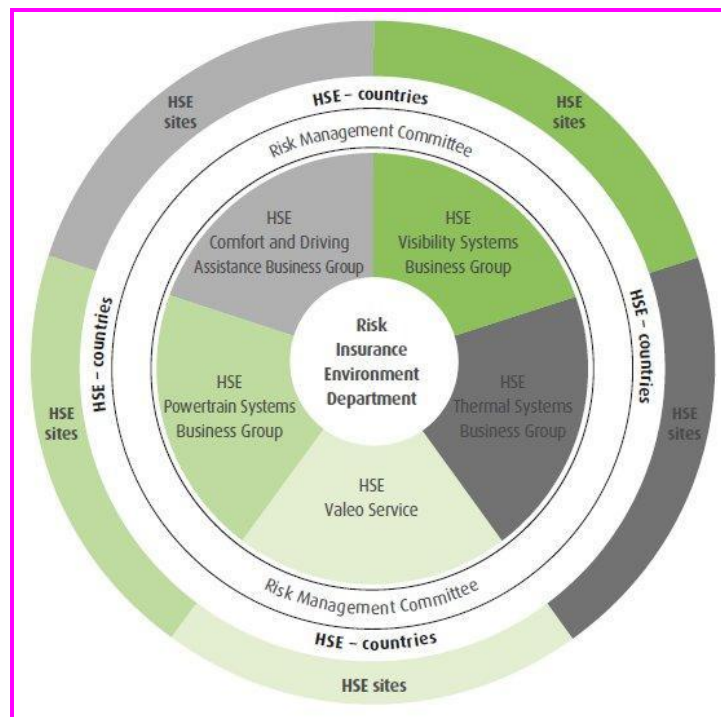
4.1 ROLE AND RESPONSIBILITY

4.1.1 Valeo Organization

Valeo has been involved for many years in risk management covering the following 4 areas:

- Health and Safety at Work;
- Environment;
- Safety of Buildings and installations;
- Security of people and property.

To carry out its approach, the RIE Department relies on an organization broken down into Business Groups, countries and sites.



4.1.2 General principles

Each Business Group, Product Group or Site Director is responsible at his or her level for:

- Health and Safety at Work;
- Environment;
- Safety of Buildings and Installations;
- Security of people, property and information;

for the scope that he or she is responsible for.

Formal delegations of authority shall specify the responsibilities of each.

At a site, the organization and management of these various areas cover all activities, products, processes and services.

They are the responsibility of the Site Director, who may delegate this responsibility to one or more people as part of a clear job definition.

The purpose of this organization is to:

- ensure that the legal requirements and other requirements of Valeo Group are identified, established and implemented;
- ensure that the management system in place contributes well to the constant improvement of performance;
- report site performance to the Group Risk, Insurance and Environment Director and to the Business Group HSE Manager;

4.1.3 Risk Management Committee

The risk management committee is the central steering body of the RIE Dept.

Composed of the RIE Director and of Business Groups and Valeo Service HSE managers, its mission is to examine the changes in regulatory requirements and as a consequence, if necessary, strengthen the operational directives, and also adapt the tools deployed to any change.

4.1.4 Site Director

The Site Director must, in particular, within the framework of the implementation of the Management System:

- define roles and responsibilities, document them and communicate them to the persons concerned;
- provide the human and financial resources required to control systems and for constant improvement of performance;
- train the staff in all four of the following areas:
 - Health and Safety at Work;
 - Environment;
 - Safety of Buildings and Installations;
 - Security of people, property and information;
- ensure that safety and security equipment conforms and is in good condition;
- have inspections carried out, or carry them out, as well as internal audits, at regular intervals;
- implement and monitor the actions relating to the treatment of non-conformities identified by these inspections, internal audits and external audits, taking into account the necessary investments;

Each Site Director is responsible for implementing and controlling the Risk Management policy.

4.1.5 Business Group HSE Manager

Each Business Group shall coordinate actions in connection with the four areas mentioned above. The Business Group Management thus has a supervisory role in the site HSE mission.

The mission of the Business Group HSE Manager is to:

- know the sites under his or her responsibility;
- promote the risk management policy at the sites;
- inform and train site HSE managers in regard to the Group directives;
- perform site audits, make recommendations and help define corresponding actions;
- ensure that budgets fit the investments to be made;
- ensure the consistency and monitoring of action programs following audits;
- participate in the recruitment and ensure the training and integration of new site HSE managers;
- if major problems are identified, act as an onsite expert, in order to help to seek and implement solutions;
- ensure the smooth running of the environmental indicator reporting process;

4.1.6 Site HSE Manager

In accordance with Paragraph 4.1.2 of this Manual, the Site Director may delegate this function to a Health Safety Environment (HSE) Manager for the site, within the context of a clear job definition including, in particular, areas of expertise, scope of responsibility, tasks to be performed and the related human and financial resources.

As part of his or her mission, the Site HSE Manager plays the role of expert and consultant for the Site Management, in particular when facing potential risks. To fulfill this mission, he or she relies internally on the departments concerned (medical department if there is any, maintenance department, etc.) and on external bodies approved by the Group, as well as on the Business Group HSE Manager.

The main tasks of the Site HSE Manager are the following:

- ensure compliance with legal requirements and other Valeo Group requirements applicable to the site;
- identify regulatory changes and incorporate them into the list of applicable requirements;
- draft the site operational procedures relating to Health, Safety, Security and the Environment and ensure their application;
- perform monthly inspections and internal audits, make recommendations if necessary and define the corresponding actions, as well as the responsibilities for their implementation;
- participate in external audits;
- implement or monitor the implementation of management programs based on the established schedule and on the progress of projects and results;
- propose operating budgets to the site management and the investments needed, and manage them;
- raise the awareness of the site staff to the Group “Health, Safety, Security and Environment” policy and to the procedures, so that they can apply the rules established;
- enter the environmental indicators into the VRI database;
- prepare the Yearly Management Review;
- fulfill the reporting requirements set by the RIE dept and/or the Business Group HSE Manager;

4.1.7 Country HSE Manager

The missions of the Country HSE Managers are to:

- ensure proper understanding and implementation of the Health, Safety, Security and Environment Policy at the sites in the country concerned and coordinate actions nationally;
- participate in the education of new site HSE managers in the country.
- ensure that all sites have good knowledge of applicable local laws and requirements, as well as of Group directives;
- train new site HSE managers of the country in the use of the Group's management tools;
- promote the sharing of good practices within a country;
- communicate the importance of reporting accidents and near misses, and the QRQC analysis method;
- conduct on-site cross-inspections;
- organize HSE management tool training sessions and risk awareness sessions;

4.1.8 Staff

Each staff member:

- Shall be responsible for his or her own safety and shall be aware of his/her responsibility in this respect towards other members of the staff, customers, subcontractors present on the site and the general public;
- must remain aware of the influence that his/her action or lack of action may have on the effectiveness of the Management System;
- must develop a culture of safety, environment and security, especially with regard to confidentiality;
- shall become involved in the implementation of the Management System;

4.2 SKILL, TRAINING AND AWARENESS RAISING

Training and awareness raising are essential to an effective management system:

- *Raising awareness* means to render people capable of reacting to "something" which they have become aware of; the goal is often the modification or adaptation of a behavior or attitude in a given situation,
- *Training* is to teach with the purpose of acquiring additional specific skills.

The training provides specific "**know-how**" to the trained individuals.

Awareness training must induce the proper behavior in people who will thus have the proper "**knowledge**" and/or "**skills**" in a given situation.

The Operational Directives define the minimum requirements of the Group in terms of training and/or awareness raising.

4.2.1 Qualifications and training

Good qualification management, and therefore good training management, is a key element in the prevention and protection of people, property and the environment.

The Site shall identify the needs in terms of qualifications and training for all staff, based on the identified risks and the means to be implemented to carry out these actions.

It shall establish a training plan intended to meet defined needs and shall check that the latter is taking into account regulatory requirements and other Valeo Group requirements applicable to the site.

The Site shall ensure that:

- the staff to be trained is suitable to take this training, in particular that they have the necessary existing knowledge and skills;
- training programs are fitted to the needs;
- the knowledge and skills acquired are validated through an evaluation questionnaire;

If authorizations and/or approvals are required, the Site shall identify and implement the organization to ensure their management, such as:

- identification of the persons concerned;
- organization and recording of the training;
- drafting of authorization/approval titles;
- organization of monitoring and recycling;

4.2.2 Awareness raising

The entire staff must know what they must do, what they can do and especially what not to do in connection with the operation of the System Management.

Thus, any newcomer to the site, regardless of their status, must follow awareness raising programs specifically suited to the site and its activity.

Subcontractors working on the site must be able to prove that they have sufficient information and training and that they have the required knowledge and skills to perform their work and service provisions in accordance with legal requirements and with Valeo requirements in terms of Health and Safety at Work, Safety of buildings and Installations, Environmental Protection and Security.

Visitors should also be made aware of the organization in place and of necessary information in terms of risks (traffic rules, evacuation plan, what to do in the event of fire or alarm, etc.).

The minimum awareness raising requirements are described in the following table:

Areas	Nature of the awareness raising
Management system	<ul style="list-style-type: none"> ▪ Existence of the policy and commitments made by the Site; ▪ Objectives to which the staff contribute, ▪ Specific actions that the staff must perform; ▪ Means of communication available, within the management system.
Applicable requirements	<ul style="list-style-type: none"> ▪ Specific knowledge resulting from regulations in force and/or Valeo provisions.
Health and Safety at Work	<ul style="list-style-type: none"> ▪ Risks inherent to the activities; ▪ Rules in terms of Health and Safety at Work; ▪ What to do in the event of personal injury.
Environment	<ul style="list-style-type: none"> ▪ Environmental impacts specific to the sites; ▪ What to do in the event of an environmental accident.
Safety of property and facilities	<ul style="list-style-type: none"> ▪ What to do in the event of a fire accident or explosion; ▪ What to do in the event of an accident related to a risk specific to the site (natural risks, risks related to the surroundings).
Security	<ul style="list-style-type: none"> ▪ Risks related to security and prevention; ▪ Knowledge of, and compliance with, site-specific security measures.

4.3 COMMUNICATION

The sharing of information is a key element in ensuring **risk control**, both in terms of feedback and of staff involvement, which are sources of constant improvement.

To promote communication, Management must implement internal communication means developing ascending, descending and lateral communication, as well as external communication means.

The Site Director shall be involved in all of the internal and external communication actions regarding risks.

4.3.1 Internal communication

In terms of downward communication, various tools can be implemented:

- occasional or periodic publications
- performance indicators;
- occasional events for risk control;
- welcome booklet;
- meetings;

As well as descending communication from the leaders to the entire staff, ascending and lateral communication should be organized.

4.3.2 Welcome booklet

Each new member of staff (permanent, temporary, interim student) shall receive a Site welcome booklet that includes chapters on various areas:

- Health and Safety at Work
- Environment;
- Safety of Buildings and Installations;
- Security of people and property.

This booklet is aimed at informing staff members of the risk management policy deployed onsite, in particular, to raise awareness of site-specific issues and risks.

In regard to the site risk type, the Site Director may decide to circulate or provide this welcome booklet to visitors and external contractors.

Depending on legal requirements and other Valeo requirements, the welcome booklet must at least address the following issues:

Areas	Nature of the information to be included in the reception booklet
Management system	<ul style="list-style-type: none"> ▪ Site risk policy; ▪ Roles and responsibilities as regards risks within the sites; ▪ Person to notify in case of accident or serious (or) and imminent danger
Health and Safety at Work	<ul style="list-style-type: none"> ▪ Main risks inherent to the site, such as chemical risks, electrical risks, etc. ▪ Procedures and/or general instructions to be followed; ▪ The definition of the PPE to be worn obligatorily on the entire site or specific PPE for some work areas; ▪ Organization of first aid; ▪ Signs and access rules for risk areas; ▪ Ergonomic rules for workstations.
Environment	<ul style="list-style-type: none"> ▪ Significant aspects/impacts of the site; ▪ Procedures and/or general instructions to be followed; ▪ What to do in the event of environmental accidents
Safety of Buildings and Installations	<ul style="list-style-type: none"> ▪ Safety rules, and in particular compliance with the smoking ban (except for strictly defined areas); ▪ Evacuation rules; ▪ Fire fighting organization and resources; ▪ Rules for performing work that requires permits and authorizations, such as hot work.
Security	<ul style="list-style-type: none"> ▪ Security rules ▪ Rules regarding visitors and for the intervention of external contractors; ▪ Rules for storage and for the processing of documents and equipment; ▪ Rules for using communication tools, including laptops onsite and offsite; ▪ Rules regarding confidentiality.

The site shall ensure the provision of the welcome booklet and that it is understood by the person receiving it, and shall ensure compliance with the rules and obligations set.

4.3.3 Internal communication in the event of an incident or accident

When an incident or accident occurs, the site shall be responsible for gathering information related to it, based on the QRQC Safety procedure:

<https://sites.google.com/a/valeo.com/ip-portal/1-2-treatment-of-safety-issues/pdca-qrqc-safety-red-alert>

4.3.4 External communication

The management system requires the systematic consideration of the external requests deemed relevant and responses to these. These may be requests from authorities or customers, claims or complaints that must be analyzed and various solicitations, for example from the media, schools, or users. Thus, the site shall log all requests from interested parties, respond according to the Group's communication procedures and archive all exchanges.

As regards the environment, the ISO 14001 standard requires that the Site Management decide whether or not to communicate its significant environmental aspects. To do this, Management must take a stand and record its decision.

4.4 DOCUMENTS

This Manual and the related Directives describe the key elements of the management system and their interactions.

4.5 DOCUMENT CONTROL

The Site shall establish and maintain procedures for controlling all documents related to the areas of Health and Safety at Work, the Environment, the Safety of Buildings and Installations and Security in line in particular with ISO 14001 and OHSAS 18001 Standards.

Document control must be consistent for all documents on the site, especially in the case of a document management system that has been implemented for the Quality Management System.

This management will be based on the following documents:

- Valeo Risk Management Manual;

- Internal Manual, intended to give an overview of how risks are controlled at the site;
- Organizational procedures dealing with the general organization of the management system that answer the questions "who, what, when, where, how, why";
- Instructions and/or work instructions that allow staff to correctly and safely perform various operations. They usually respond to the question "how";
- Records relating to the management system in place, which should make it possible to show compliance with the requirements that the site must fulfill, such as legal requirements and Valeo requirements.

4.5.1 Management rules

General rules

It is the responsibility of the Site to ensure the preservation of the records required by law, those of the Valeo Group and other requirements (insurance, customers, etc.).

All original documents relating to Health and Safety at Work, Environment, Safety of Buildings and Installations, and Security, as well as all supplier documents and correspondence, shall be archived by type on the site.

These documents must be accessible to authorized persons only.

The Site shall keep the documents and computer files in accordance with the security requirements and rules set by the Group in this area.

Document format

The selected format must be consistent with that of all of the site documents (especially in cases where the document management system has been implemented for the Quality System).

The titles of Management System documents must match those of the Group Risk Management Manual, in order to facilitate the exchange of documents between Valeo sites.

Documents and revisions will be checked by the Site Director.

Preservation of the documents

It is especially important for backups and document archives to be preserved in a way that ensures maximum safety and confidentiality, especially for medical and/or personal information.

Revision of the procedures

The procedures for risk management, established by the Site Director pursuant to the Group Directives, must be completed and/or modified, in particular after:

- changes in the regulations or legal requirements and other Group requirements in force;
- the establishment of new rules or the modification of existing rules;
- the results of monitoring and measurement activities;
- the identification and management of a non-conformity;
- an internal or external audit;
- the revision of procedures that may prove to be non-suitable.

Changes in resulting procedures must be reviewed and approved by those who originally reviewed and approved the said procedures or those who are in charge of them.

The description of the addition or change must be identified in the procedure or in the appropriate appendices.

4.6 OPERATIONAL CONTROL

For a sustainable risk management organization, operations must be controlled on a daily basis to prevent and/or limit the damages and impact. To do this, Valeo has developed Directives.

These directives detail, for each of the areas, the minimum requirements for risk management.

The Site must know all of the Directives and enforce them onsite.

The Directives are available on the Group RIE portal:

<https://sites.google.com/a/valeo.com/valeo-risks-insurance-environment-portal/group-policy-directives/risk-management-manual-2/general-directives/operational-directives>

4.7 PREPARATION AND RESPONSE TO EMERGENCY SITUATIONS

Each site shall draw up and implement its crisis management and business recovery plan using the corporate tool called VERM ("*Valeo Emergency and Recovery Management*").

This tool is available on Valeo network (intranet) at the following address: <http://verm.valeo/>

5) CONTROL

5.1 MONITORING AND MEASUREMENT

The Site shall establish a procedure for monitoring and measurement. The latter shall describe the organization implemented to manage all elements of the management system through a monitoring plan.

The following shall be listed in this monitoring plan:

- parameters monitored and the values to be respected;
- responsibilities;
- frequencies;
- situation of the criterion to be monitored, which could be "In Progress", "Late", or "To date";
- possible references of documents obtained (analysis report, minutes, etc.).
- data storage places.

The issues to be monitored include in particular:

- compliance with legal requirements and other Valeo Group requirements applicable to the site;
- performance (indicators) of measures implemented to achieve the objectives and goals validated in the Management Review;
- means, equipment and activities whose failure could result in the lack of control of a risk;
- control and measuring means and equipment that contribute to risk control;

Any anomaly observed (deviation between measurement and specification) shall be treated in accordance with Paragraph 5.1.2 of the Risk Management Manual "Treatment of Non-Conformities";

5.1.1 Steering of the environmental performance

In order to measure the environmental performance of the sites, Valeo has deployed a centralized reporting tool, the Valeo Risk Indicators (VRI). Quarterly, or annually for some parameters, the Site shall report the indicators defined by the Group. These will make it possible to continuously manage the site environmental performance and the achievement of the Group objectives.

A Directive "Environmental Indicators" (*EN_12-ReportingEnvironnemental*) describes the organization and rules to be respected for environmental reporting.

5.1.2 Treatment of non-conformities, corrective and preventive actions

The management of non-conformities and the corrective and preventive actions both serve to sustain continuous improvement of the management system. Non-conformities relate to all anomalies identified in the risk management system.

Each Valeo site must establish an organization to identify and address the non-conformities identified during:

- regulatory conformity evaluations,
- internal audits,
- external audits,
- certification audits.

Concerning the management of incidents and accidents, the site must follow the QRQC procedure. This procedure also describes the internal communication methods (see Paragraph 4.3.3).

<https://sites.google.com/a/valeo.com/ip-portal/1-2-treatment-of-safety-issues/pdca-qrqc-safety-red-alert>

5.1.3 Regular inspections

These inspections shall at least be monthly.

The potential non-conformities identified give rise to corrective and/or preventive actions and are processed according to the procedure described in Paragraph 5.1.2 "Treatment of non-conformities, corrective and preventive actions."

5.1.4 Internal audits

Addresses French sites only for the time being and under implementation in other countries.

The internal audit is the main tool enabling the site to significantly improve its results. This is an important element of the management system.

The Site shall develop an audit procedure that covers the four areas (Health and Safety at Work, Environment, Safety of Buildings and Installations, Security) and that covers the following basic elements:

- auditor competence;
- organization of the audits;
- audit frequency;
- records following the performance of the audit;
- deviations treatment;
- communication of results;

For the development of the procedure, sites must refer to the Directive "Internal Audit".

The Site shall also set up a program that defines:

- the internal audit schedule;
- the scope of the audits;
- the auditors;

Internal audits shall be carried out by competent persons within the meaning of the procedure. The Group recommends the performance of cross-site audits.

5.1.5 External audits

At the initiative of the RIE Dept, audits shall be conducted regularly at the Group's sites by external consultants approved by the RIE Director with a frequency defined by the latter.

The purpose of these audits is to:

- evaluate the effectiveness of the system set up;
- check the regulatory conformity and proper implementation of the Valeo Group requirements, in accordance with the Risk Management Manual and the related operational directives;
- measure progress at the site, on basis of the recommendations of previous audits having been completed ;

External audits are of three types,

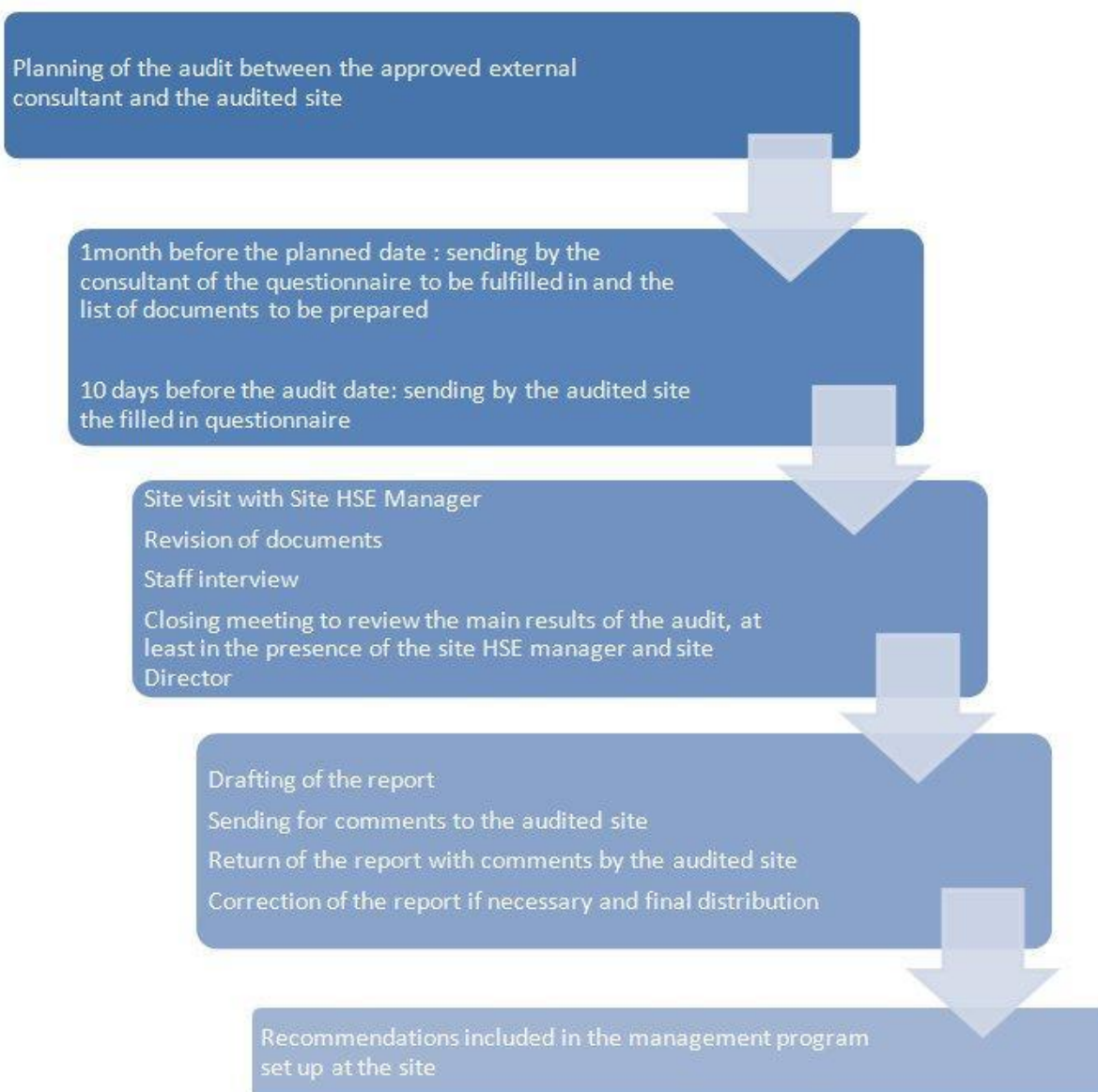
- Health and Safety at Work and Environment Audit;

- Safety of Buildings and Installations Audit
- Security Audit.

They are performed by specialized consultants approved by the DRAE.

5.1.5.1 Health and Safety at Work and Environment Audit

Following the planning by the RIE Dept (selection of the sites to be audited, selection of the consultants), the organization of the audits relating to Health and Safety at Work and to the Environment is as follows:



The format of the audit report shall be defined by the Risk, Insurance & Environment Director. It shall include:

- A general description of the site, its environment and activities;
- Recommendations presented in the form of summary tables, identified by a number and related to a priority degree between 1 and 4;
- An overall rating of the site, according to a scoring system ranging from 1 to 5+ (the maximum score).

5.1.5.2 Safety of Buildings and Installations Audit

This audit makes it possible to assess the maintenance of the HPR level ("Highly Protected Risk") and to check the changes in the risk in relation to this standard.

Following the planning by the RIE Dept (selection of sites to be audited, selection of consultants), the organization of the Safety of Buildings and Installations audits is as follows:



The audit report shall include, in particular:

- A general description of the site, its activities, history and surroundings to assess the sensitivity to the risks to which it may be subjected;
- recommendations presented in the form of a summary table, identified by a number and associated with a degree of priority between 1 and 3;
- An overall site rating on a scale ranging from 1 to 5 (highest score)

5.1.5.3 Security Audit

This audit allows the following points to be evaluated:

- compliance with Group's internal security rules;
- condition of the mechanical protective equipment;
- effectiveness of the access control;
- reliability of the intrusion detection equipment;
- effectiveness of monitoring devices (day and night);
- quality of security services such as guards;
- effectiveness of the overall security organization, in terms of its level of sensitivity and its development

Following the planning by the RIE Dept (selection of sites to be audited, selection of consultants), the organization of the Security audits is as follows:

Planning of the audit between the approved external consultant and the audited site

Sending of the audit preparation questionnaire

Interview with the Site Management
Interview with the managers of sensitive departments
Interview with the Guard Company and the reception department (including the operation managers)
Night-time intervention to test the equipment and check procedures
Presentation of the recommendations to Management

Drafting of the written report, managed through the Site Management programs

Setting-up of assistance missions as needed, in order to aid the Director with any security related issue:

- Aid in implementing the Master Security Plan
- Guarding procedure analyzis and improvement
- Testing of safety equipment and recommendations, etc.

6) MANAGEMENT REVIEW

The Management Review is designed to enable Management to ensure that the Risk Management System meets all requirements and in particular fulfills its policy and the objectives that it has set.

Through its objectivity, it must serve to:

- check whether the policy is appropriate or not, and check whether the objectives and goals are being achieved;
- measure progress;
- contribute to improving performance and results;
- monitor the effectiveness and adequacy of the management system;
- review the management programs and set the new objectives;

The Site Director must plan at least one Management Review per year, whose participating members shall be those of the Site Management Board.

The standard agenda is the following; it is based on the requirements of ISO 14001 & OHSAS 18001 standards:

1. introduction;
2. progress of actions decided on during previous reviews;
3. progress in achieving the planned objectives and goals and the related programs;
4. performance review:
 - main indicator scoreboard;
 - results relating to the monitoring and operational measurement plan;
 - summary of non-conformities identified; state of corrective and preventive activities;
5. regulatory requirements and other requirements:
 - results of the conformity evaluation;
 - future regulatory changes;
6. audits:
 - Analysis of the results of audits of the previous year;
 - Resolution of deviations;
 - Effectiveness of the proposed areas for improvement;
 - Audit program for the coming year;
7. reviewing of potential incidents and accidents, and emergency situation test assessment;
8. training plan: state of implementation of the previous year and plan for the coming year;
9. results in terms of internal and external communication;

10. consideration of changes: modification of activities, products and services;
11. review of the possible relevant requests from interested parties;
12. Statute on the effectiveness of the Management System set up;
13. Validation and Site Policy and of its objectives and goals.

At the end of the management review, a report shall be drafted and signed jointly by the Site Director and Site HSE Manager. It shall be recorded in the documentary system pursuant to the requirements of Paragraph 4.5.