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## **Information relating to the Chief Executive Officer's compensation for the 2023 financial year as determined by the Board of Directors on February 29, 2024**

Further to the recommendation of the Compensation Committee, the Board of Directors, at its meeting held on February 29, 2024, determined Christophe Périllat's variable compensation for his duties as Chief Executive Officer for the 2023 financial year.

It is recalled that the (gross) annual fixed compensation paid by Valeo to Christophe Périllat for the 2023 financial year totalled EUR 975,000, it being reminded that the latter had been set by the Board of Directors on March 24, 2021 in anticipation of the Chief Executive Officer's appointment on January 26, 2022, and has remained unchanged since that date.

### **I. Christophe Périllat's variable compensation for the 2023 financial year**

Further to the recommendation of the Compensation Committee, the Board of Directors at its meeting held on February 29, 2024, assessed the degree of achievement of the quantifiable and qualitative criteria of Christophe Périllat's annual variable compensation in respect of the 2023 financial year. It is recalled that the components of the annual variable compensation have been set by the Board of Directors at its meeting held on February 23, 2023, on the recommendation of the Compensation Committee and approved by 96.02% at the Shareholders' Meeting of May 24, 2023 in connection with the 2023 Chief Executive Officer compensation policy (sixteenth resolution) (the "**2023 Chief Executive Officer Compensation Policy**").

#### **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 for 2023 and the guidance published in February 2023.

After analysing the results obtained, the Board of Directors, on the recommendation of the Compensation Committee, noted a rate of achievement for the quantifiable criteria of 48.06% (based on a maximum percentage of 70%) of the (gross) annual fixed compensation of the Chief Executive Officer.

#### **Qualitative criteria**

In order to assess the degree of achievement of the qualitative criteria set for 2023, 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 47.07% (out of a maximum percentage of 50%) of the (gross) annual fixed compensation of the Chief Executive Officer.

#### **Global Result**

Based on the above elements, the rate of achievement of the 2023 qualitative and quantifiable criteria is 95.13% of the (gross) annual fixed compensation of the Chief Executive Officer for the 2023 financial year, *i.e.* EUR 927,518, out of a maximum percentage of 120% of the (gross) annual fixed compensation of the Chief Executive Officer, *i.e.* 79.28% in relation to the maximum allowed by the 2023 Chief

## Executive Officer Compensation Policy.

The variable compensation therefore represents 48.75% of the total amount of (fixed and variable) compensation due to Christophe Périllat in 2023.

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, 2023:

### Quantifiable criteria <sup>(1)</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
EBIT	18%	15.75% <sup>(4)</sup>	87.5%
Free cash-flow	18%	14.31% <sup>(5)</sup>	79.5%
Net Income	16%	0% <sup>(6)</sup>	0%
Group order intake	18%	18% <sup>(7)</sup>	100%
<b>TOTAL QUANTIFIABLE CRITERIA</b>	<b>70%</b>	<b>48.06%</b>	<b>68.66%</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
<p><b>Strategic vision</b></p> <p><i>This criterion is assessed in particular against the following elements:</i></p> <ul style="list-style-type: none"> <li>validation by the Board of the strategy presented by the Chief Executive Officer and quality of communication of this strategy inside and outside the company,</li> <li>quality of financial communication,</li> <li>quality of the Group's technological roadmap.</li> </ul>	14%	11.67% <sup>(8)</sup>	83.33%

### Risk management

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

- compliance: (i) deployment of the new code of business ethics drafted in 2022 in all regions where the Group operates; (ii) implementation of a new organization of the compliance department with redefinition of the roles and responsibilities for compliance champions, and (iii) adjustment and deployment of a whistle-blowing system in line with the new regulation involving the implementation of a system for each of the Group's legal entities,
- management of operational risk,
- management of inflation-related impacts (customer compensation in line with the budget),
- quality of management of material and component shortages, in particular electronic components (number of vehicles impacted maintaining Valeo among the most efficient equipment manufacturers in this field).

12%	12% <sup>(9)</sup>	100%
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## Corporate Social Responsibility

CSR assessed in particular against the following elements:

- safety performance, with the objective of maintaining a frequency rate in line with the automotive benchmark (FR1 < 1.1),<sup>(2)</sup>
- progression of the Gender Equity index (reaching level 88 of the index) and improvement of the rate of women externally recruited by at least 10% compared to 2022 (M&Ps population).

12% 11.40%<sup>(10)</sup> 95%

## CAP 50

Reduction trajectory of CO<sub>2</sub> emissions in line with the CAP 50 plan: the objective is to limit CO<sub>2</sub> emissions below 46,6 Mt in 2023.

12% 12%<sup>(11)</sup> 100%

**TOTAL QUALITATIVE CRITERIA 50% 47.07% 94.14%**

**TOTAL QUANTIFIABLE AND QUALITATIVE CRITERIA 120% 95.13% 79.28%**

- (1) Excluding regulatory and tax impacts.
- (2) In the event of a deadly accident involving a Valeo employee or temporary worker (excluding commuting accidents or those of a non-work-related cause), the result will be revised downwards for the part of the safety-related objective.
- (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) 2023 EBIT margin of 3.8% of the turnover.
- (5) 2023 free cash-flow generation of EUR 379 million.
- (6) 2023 net income of EUR 221 million.
- (7) 2023 order intake of EUR 34.9 billion.
- (8) The elements considered include (subject to undisclosed information for confidentiality reasons): (i) second year of implementation of the "Move Up" plan, with 2023 results in line with the announced targets, (ii) launch of the software business transformation plan and the artificial intelligence technology deployment programme, (iii) quality of financial communication, with a specific focus on products, technologies, technology partnerships and orders designed to support the Group's future growth (ADAS, software defined vehicle (SDV) and electrification) and (iv) quality of technology roadmaps (assessed by order intake and share of innovation in order intake) with, in 2023, a strong alignment of the Group's product offering with market needs (record order intake of Euros 34.9 billion; share of innovation in order intake above 73%, improving compared to 2022).
- (9) The elements considered include (subject to undisclosed information for confidentiality reasons): (i) further strengthening of the Group compliance policy in 2023, including (a) new organisation of the compliance department, and the redefinition of the roles and responsibilities of the compliance champions, as well as (b) the adjustment of the whistle-blowing system, (ii) quality of the management of inflation-related impacts and (iii) quality of the management of the electronic component shortages, with no customer stoppages for the 12<sup>th</sup> consecutive quarter.
- (10) The elements considered include (subject to undisclosed information for confidentiality reasons): (i) the improvement in employee safety, with, for the 5<sup>th</sup> consecutive year, a reduction in the number of accidents with lost days, the frequency rate obtained being lower than the target of, (ii) result for the Gender Equity index of 88.9, above the target of 88 out of a theoretical maximum score of 100 but in practice close to 90, since out of the five indicators taken into account to calculate the index (pay gap between men and women; gap in the distribution of individual pay rises between men and women; gap in the distribution of promotions; percentage of female employees who received a pay rise after returning from maternity leave; and percentage of women in the ten highest paid positions), improving the result to be achieved for the 5<sup>th</sup> indicator, which accounts for 10 points, is complex to achieve in the short term, it being specified that structural measures are being implemented to this end and (iii) increase in the rate of women externally recruited by 8.5%, which is slightly below the ambitious target of at least 10% compared to 2022 (M&Ps population).
- (11) Emission of 45.16 Mt CO<sub>2</sub> in 2023, better than the target set at 46.6 Mt CO<sub>2</sub> in 2023. It should be noted that the annual targets are set on a linear basis according to the targets of Valeo's CAP 50 plan announced to the market and described in Chapter 4, section 4.1.3 "Valeo's carbon neutrality plan to 2050" of the 2022 Universal Registration Document. After a peculiar 2022 year when Valeo was able to reach, and very significantly exceed, the target set (45.2 Mt CO<sub>2</sub> achieved against a target of 47.35 Mt CO<sub>2</sub>) due, in particular, to exogenous factors that led to a slowdown in vehicle sales in most regions of the world (tensions in the electronic components supply chain, Russo-Ukrainian crisis, lockdown measures in China and a slowdown in automotive production in Europe), in 2023 the Group succeeded in controlling its level of emissions in a context of sales growth of 10%. It should be emphasised that (i) achieving the targets set will require the implementation of dedicated action plans as well as renewing major efforts each year, (ii) the targets set are all the more ambitious as growth has a direct impact on emissions (the more the activity increases, the more the level of emissions increases) and, consequently, on the efforts to be made each year to reduce emissions and to achieve such targets and (iii) the carbon footprint of Valeo's customers and suppliers has an impact on the result.

Pursuant to Article L. 22-10-34 of the French Commercial Code, the Chief Executive Officer's variable compensation for the 2023 financial year will only be paid after the Shareholders' Meeting called to approve the 2023 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 2023 financial year (*ex post vote*).

## II. Pension plan

In accordance with the 2023 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.

The performance condition is considered to be satisfied 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 2023 financial year and to be paid in 2024<sup>1</sup>, this condition has been fully satisfied.

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<sup>1</sup> As indicated above, the Chief Executive Officer's variable compensation for the 2023 financial year will only be paid after the Shareholders' Meeting called to approve the 2023 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 2023 financial year (*ex post* vote).