



Policy

Biodiversity

The Group understands and appreciates the value of natural resources and the critical role they play in Valeo's business. Hence, the Group is fully committed to comprehensively understanding Valeo's interface with nature, and taking all the necessary steps to ensure that Valeo sets a new benchmark as a responsible corporate citizen.

Nearly 90% of Valeo's operational production sites are located in developed urban or industrial areas, with the remaining 10% in agricultural or natural areas. Consequently, the activities carried out are unlikely to significantly alter ecological processes (no extraction or spreading, for example). However, in order to gain a more comprehensive understanding of its potential impacts, each year the Group carries out an inventory of sites located in or near (within 10 km) areas protected under biodiversity legislation. The Group will also periodically carry out an analysis of the impacts and dependencies, and the resulting risks and opportunities, within its value chain.

Scope and liabilities

This policy applies to Valeo's own activities (all industrial sites and R&D) and its upstream value chain, since responsibility for the downstream value chain lies with OEMs. The Vice President of Health, Safety, and Environment is tasked with implementing the Group's management policy across all sites regarding environmental and site certification (ISO 14001 and ISO 50001), and holds responsibility for the deployment of this policy.

Policy

At Valeo, we strive to:

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- Implement preventive measures in line with the ISO 14001 environmental management system and Biodiversity Directive at all industrial and R&D sites, including the precise identification of significant direct impacts on biodiversity.
 - Carry out a study prior to acquiring / leasing land or buildings, to identify and list the presence of protected areas and species - no project to establish, extend or close a site shall be directly responsible for the disappearance of a forest, wetland, protected species or its habitat.
 - Recover and recycle food waste to make compost and supply neighboring farms.
 - Eliminate the use of plant protection products.
 - Increase audits of chemical product storage.
 - Reduce consumption and discharges of heavy metals such as lead, copper, zinc, nickel and manganese through industry-validated, advanced treatment plant processes and local authorities' compliance requirements.
 - Assess our main suppliers on their biodiversity practices - for example, the presence of biodiversity management systems.

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Compliance

We guarantee adherence to all applicable laws, irrespective of location, and we adhere to recognized norms and standards relevant to our operations, endeavoring to surpass compliance requirements.

Related policies, standards & processes

The Taskforce on Nature-related Financial Disclosures (TNFD)

Corporate Sustainability Reporting Directive (CSRD)

ISO 14001:2015 Environmental management systems

ISO 50001:2018 Energy management systems

International standards

We pledge to conduct our operations in a manner that is consistent with the Taskforce on Nature-related Financial Disclosures' (TNFD) LEAP approach, and contributes to advancing the UN Sustainable Development Goals, which include preserving life on both land and in water, in the communities where we operate.

Risk assessment approach

We leverage the following in our risk assessment approach:

- KBA guidelines and Geoportal tool to identify key biodiversity areas and impact on species;
- WWF Biodiversity Risk Filter to identify biodiversity risk areas; and
- ENCORE tool to identify the main commodities in our upstream value chain



Additionally, we identify and assess nature-related issues using the LEAP approach as follows:

Locate & Evaluate: prioritizing all listed, geolocated and identified biodiversity-related impacts and dependencies, in accordance with the five IPBES pressures defined by the ENCORE database

Assess: developing supplier analysis questionnaires, and establishing contact with select customers and suppliers of high-risk commodities

Prepare: deploying site-specific measures at all sites deemed to potentially be at risk either as a result of due diligence, or proximity to protected areas.

Targets and process for monitoring

The Group aims to progressively strengthen its biodiversity and ecosystems preservation policy with regard to players upstream in its value chain. Valeo has identified its main commodities in its upstream value chain using the ENCORE tool, which factors in the five main pressures on biodiversity.

Most direct suppliers are not highly material. Hence, Valeo is in the process of developing a plan aimed at improving the maturity of tier N suppliers in the value chain, in terms of their own understanding of their impacts.

Additionally, as part of the CAP50 transition plan, Valeo's proportion of bio-sourced materials, in particular bioplastics, is set to grow notably. Valeo, therefore, aims to include measures in its vigilance plan to manage the impacts and dependencies relating to the supply of natural resources.

Valeo also aims to work alongside players in its ecosystem, particularly on issues relating to mineral extraction and the electronics industry.